JOURNAL
OF AMERICAN INSURANCE

JUNE, 1961 Vol. 37, No. 6

New Landmarks of U. S. Growth

Treasures of the June Brides

"Home, Sweet Home," Revisited

Supermarkets Grow and Grow

This Rampant Karting Craze

Lumbering That Outdoes Bunyan

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Village of East Hampton, New York

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NAHB Journal of Homebuilding

OUR COVERS

IF THERE IS ONE HOUSE in the U. S. forever endowed with the spirit of home-loving Americans it is the 300-year-old salt box, pictured on our front cover, where John Howard Payne was born June 9, 1791. Years later, in his wanderings " 'mid pleasures and palaces," fond memories of this boyhood home inspired him to write "Home, Sweet Home," still sung feelingly by all Americans in tribute to the nation's 58 million dwellings.

With its spirit and charm enriched by the centuries, the house stands in East Hampton, Long Island, 100 miles east of New York City, where it is maintained as a museum by the village. Its story, for the Payne anniversary, starts on page 14.

Though architecture may change, the sentiments of "Home, Sweet Home" live on in an ever-increasing number of homes across America today. Whether in Glen Rock, New Jersey; Prairie Village, Kansas; or Salt Lake City, Utah, shown top to bottom on our back cover, every home, wherever located in the U. S., shares in the homage which John Howard Payne paid to the weathered farmhouse where he was born 170 years ago this June. ⊙

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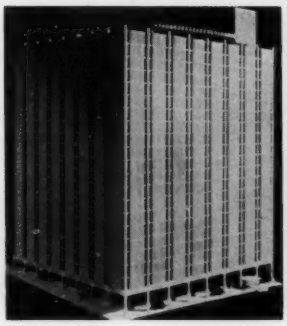
AMERICA'S NEW HORIZONS



These structures and many other rising landmarks are products of insurance funds and services.

AMERICANS IN ALL WALKS of life are co-partners, through their insurance companies, in building a new and second America.

Shown here are 12 examples of many transformations in city skylines financed by funds of life insurance policyholders and vouchsafed during construction and occupancy by fire and casualty insurance companies.

In projects such as these more than $10 billion of life insurance policyholder funds have been put to work during the past decade for new office buildings, apartments, stores, schools, hospitals, hotels, theaters, shopping centers, expressways, bridges, tunnels and many other facilities.

These 12 structures and others of their kind are prescient of the future. By the year 2000, according to the Allied Masonry Council, we will have to duplicate every single building in the nation today—build a second America—to meet the needs of a doubled population.

Mutual property and casualty insurance companies, with 25 million policyholders and $5.75 billion assets, have been a potent force for this new and better America. Of these assets, $250 million are in mortgages and real estate, and in addition hundreds of millions of dollars are annually returned to policyholders as savings. Furthermore, mutuals are active participants in the nation's building program through insurance protection on the value of lives and property

Courthouse Square development, Denver, Colorado, where mutual property and casualty insurance companies provided essential protective coverages for contractors. Project includes new Denver Hilton Hotel, underground garage, ice rink, and department store.

Among many new insurance-financed office structures in mid-town Manhattan of New York City is this 39-story Tishman Building at 666 Fifth Avenue. Another example in the same section is the Time-Life Building which is 47 stories high.

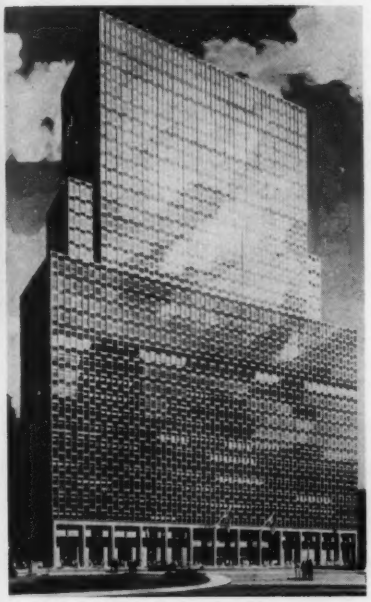
Gateway center at the apex of Pittsburgh's Golden Triangle, where a new hotel and six stainless steel office buildings now flank a once blighted area. For this development life insurance money provided $75 million; mutual property and casualty companies provide insurance for contractors, occupants.

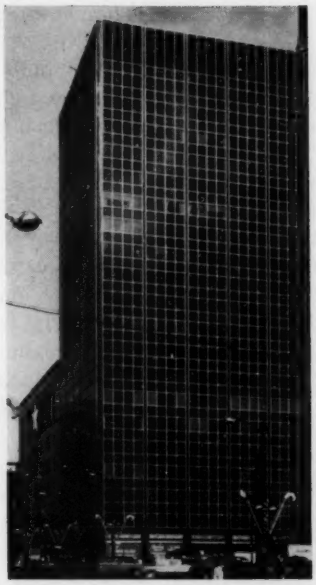
Typical of new commercial buildings financed by life insurance funds in the Cleveland area is the 21-story East Ohio Building. Earnings paid by such investments will help reduce the cost of insurance to policyholders.

Place Ville-Marie in Montreal, Canada, is an $80 million project dominated by a skyscraper of 42 stories among several smaller office buildings and large shopping center.

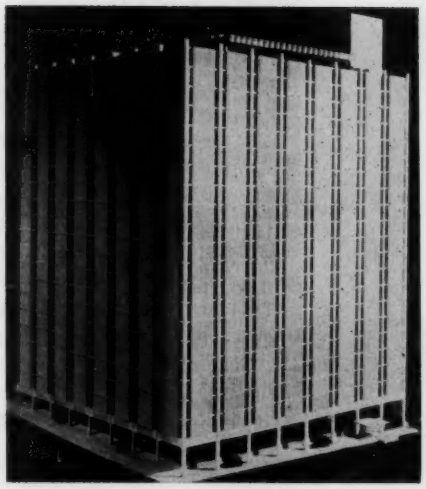
In the Los Angeles area the Tishman Building, 615 Wilshire Boulevard, is among more than a score of insurance-financed structures along the boulevard and within the city's famous Miracle Mile.

One of the largest new office buildings in the financial section of lower Manhattan is the New York Produce Exchange at the foot of Broadway. Future office-space needs will require many more such projects.





Mutual casualty insurance served the subcontractors who installed the aluminum siding and did the electrical work on this 20-story office building on Lafayette Square, Buffalo. The mutual service included safety counsel.



Atlanta's 20-story Merchandise Mart was built with life insurance funds; now officers and occupants of the structure are using mutual insurance to protect life and property values.

for the contractors, owners and occupants of such structures. Four of the projects in this selection of 12, for example, are among those that utilize the resources and services of mutual property and casualty insurance companies.

Two mutual property and casualty insurance companies are insurers on the Courthouse Square development in Denver. Webb & Knapp, prime contractor on the project, is insured by Employers Mutuals of Wausau. For the 21-story Denver Hilton Hotel in the development, Liberty Mutual, Boston, afforded coverage to Westinghouse Electric Corporation for installation of elevators and moving stairs. The coverage included workmen's compensation, public liability and contractual liability with limits of $250,000 per person and a combined aggregate of $7,500,000. Liberty's loss prevention engineer on the project was Robert J. Wetherall.

Liberty Mutual also was an insurer on two other of the projects—the Gateway Center in Pittsburgh and the Lafayette Square office building in Buffalo. In the Gateway Center project, the general contractor on the Conrad Hilton Hotel, Turner Construction Company, was insured by Liberty Mutual. In most of the other buildings of the center, Liberty also insured some of the subcontractors, notably Westinghouse Electric Corporation on the elevators; Limbach Company on the plumbing, heating and air conditioning; and Spencer, White & Prentiss on some of the foundation work. F. H. Labiaux was the Liberty loss prevention representative on the Gateway.

Various buildings in the Golden Triangle Gateway house a number of companies insured by Liberty Mutual, including Westinghouse Electric Corporation, Westinghouse Air Brake Cor-

poration, Jones & Laughlin Steel Corporation and the Limbach Company among others.

On the Lafayette Square 20-story office building in Buffalo, Liberty Mutual was the insurer on two of the subcontractors and rendered safety counseling service through R. W. Burnett, safety engineer. Kawneer Company, of Niles, Michigan, which installed the facing, or aluminum siding, for this building, has all lines of its casualty insurance with Liberty Mutual.

The second subcontractor insured by Liberty Mutual on the Lafayette Square building was the Buffalo Electric Company.

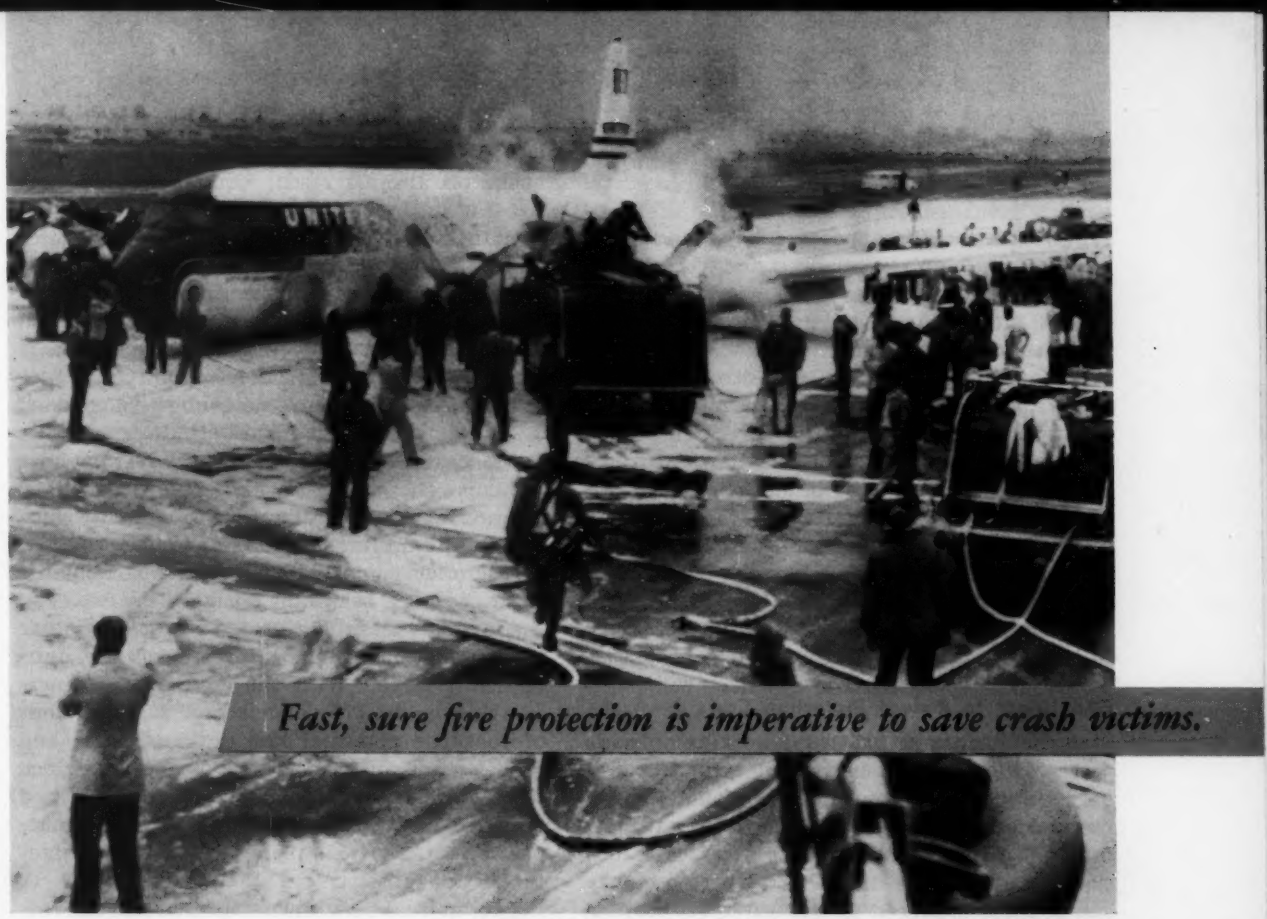
The new Merchandise Mart in Atlanta affords an example of mutual insurance's diverse services to the officials and occupants of such a structure. Federated Mutual Implement and Hardware Insurance Company of Owatonna, Minnesota, is the insuring company in this case. It insures Herbert U. Martin, vice president and general manager of the Mart, under both a homeowners policy and an automobile policy. For the Mart itself, there is a Federated Mutual automobile policy covering two cars. And for one of the building's tenants, the firm "Smicwe," there is a Federated Mutual group life policy as well as a homeowners policy and an automobile policy for the firm's president, Charles Schulman.

One of the earliest prototypes for the 12 structures pictured here was the office building of a Chicago-based insurance company. Built in 1884, 10 stories high, it brought the term "skyscraper" into vogue and thus was the foreshadowing of the new America that is rising today in scores of the nation's major communities. ⊙

Investment of $20 million by a life insurance company in this apartment development, Washington Square Village, in Greenwich Village, New York City, was perhaps the largest single residential loan in history. Project includes two modern 17-story apartment buildings, with shops, gardens.

The 43-story Uris Building at 1290 Avenue of Americas represents a $75 million investment of life insurance funds in the improvement of New York's office facilities. New York alone has put up scores of such buildings in a decade.

The triple-unit office building at 3440 Wilshire Boulevard is only one of more than a score of modern buildings erected in the Miracle Mile area of Los Angeles with the help of financing by insurance.



Fast, sure fire protection is imperative to save crash victims.

FIVE MINUTES, OR ELSE

Firemen at Los Angeles International Airport foamed the runway for this successful belly landing, then moved in quickly to smother fires and to help remove 11 occupants. Adequate fire protection is promised soon at all major U.S. airports. *Wide World*

A HEAVY FOG BLANKETED Toledo's Express Airport last October when a chartered C-46 attempted to take off with 48 persons aboard, including 16 members of the California Polytechnic College football team. Seconds later, the plane crashed and burst into flames about 400 yards from the control tower. Although the airport's volunteer and Air National Guard fire units arrived on the scene in about three minutes, 22 of the plane's occupants were already dead. A medical examiner reported that most of them survived the impact but were unable to get out of the flaming wreckage.

Disasters of this type have made crash fires one of aviation's most deadly hazards. Now, for the first time, the nation's civil airports are making serious efforts to cope with such emergencies by providing the kind of fire rescue services long in use at U. S. military airfields. Their goal: to assure occupants of a burning airplane at least five minutes of protection for escape or rescue.

Spearheading the nationwide drive to improve aircraft fire protection is the Federal Aviation Agency's John Bridges. He began a personal inspection of the nation's large airports 10 months ago as head of the FAA's new Airports Safety Office. More than 30 major hubs already have been given written reports outlining their fire-fighting and rescue equipment needs, which

range all the way from pocket knives for cutting seat belts to highly specialized fire trucks costing up to $75,000 each.

"Not more than five large airports in the entire country now have what we would consider fully adequate facilities," Bridges told the JOURNAL. However, he said considerable progress is being made in several other cities.

"I believe that within 18 months we can expect good protection at all of our large airports," he added. The FAA plans eventually to survey and make recommendations for each of the nation's 841 airline stops, with subsequent visits to check on their compliance.

"We're hoping that we won't find it necessary to issue any mandatory regulations," he said.

FAA Hopes to Reduce Protection Costs

In the meantime, Bridges is working on ways to ease the financial burden of acquiring and operating airport fire rescue equipment. One promising step, now being worked out with the major fire equipment manufacturers, is to design a standard fire truck for airport use that can be mass-produced for $15,000 to $20,000 less than today's custom-built vehicles. The truck Bridges has in mind could be manned successfully by two men—thus reducing man-power costs as well. Firemen's salaries often run as much each year as the cost of the equipment.

Step number two, applicable to airports whose income cannot support a full-time fire department, is to expand a system already in successful use at Norfolk, Virginia, and Binghamton, New York. These airports use well-trained volunteer fire departments made up of airport employees and airline personnel. They receive no pay for their fire-fighting services, but the community operating the airport assumes liability for any mishaps or injuries that occur during training sessions and actual emergencies.

Bridges said several airlines are considering making available their man power for emergency duty on a volunteer basis. American Airlines already encourages its airport crews to take part in such plans.

In tightening airport fire safety, the FAA is building solidly on a foundation established by the National Fire Protection Association, a nonprofit technical and educational organization responsible for pioneer work in aviation fire safety. The FAA officially adopted the NFPA's handbooks on aircraft rescue equipment and fire-fighting techniques last September, and now uses them as yardsticks for measuring the adequacy of airport facilities.

Work on these handbooks began in 1947 at the request of the Civil Aeronautics Board, which asked the NFPA to draw up recommendations for applying military crash rescue techniques to commercial aviation's nascent postwar boom.

All segments of the aviation industry and its adjuncts take part in framing the NFPA's suggestions—the airlines, airport operators, pilots, aircraft manufacturers, fire equipment companies, the military services and the FAA.

Insurance companies also have participated from the very beginning, making available all the loss prevention knowledge acquired in other industries. Their stake in aviation is now fantastically large: With the advent of airliners carrying up to 170 persons and 22,000 gallons of fuel, the potential loss of human life and property in a single accident is staggering. Added to this are the large amounts of liability and property insurance coverages carried on business aircraft, private planes, aircraft manufacturers and airports.

Two mutual insurance representatives, William Rodda of the Transportation Insurance Rating Bureau and W. L. Walls of the Factory Mutual Engineering Division, currently share in the efforts to protect all of these interests by serving on the NFPA's committee on aviation. It was this group that wrote the handbooks and originated the concept of assuring air passengers "five minutes of protection."

Most Crash Fires Occur Near Airports

"Civil Aeronautics Board statistics for the past decade show that about one-third of all airline aircraft accidents involving fire have occurred on airports and another third occurred within five miles of one," says George Tryon, the NFPA's staff expert on aviation fires. "Thus we can be of service in about two-thirds of the accidents if the impact is not instantly fatal to all aboard."

When a crash occurs, airport rescue squads race to the scene as quickly as possible and try to control the fire long enough to permit any survivors to get out of the wreckage. The NFPA strongly recommends use of a fast, light rescue truck or Jeep for this purpose, no matter how much other equipment the fire department

may have. These crash trucks usually carry a small amount of foam, dry chemical or carbon dioxide, plus axes and power tools for freeing trapped passengers. Heavier units follow with additional supplies of extinguishing agents to knock down the intense fires that feed on spilled fuel and other combustibles.

At best, aircraft crash fires are extremely dangerous and difficult to control. Tryon and many other authorities who deal with aviation safety believe that much of the fault lies in poor aircraft design. One of his main criticisms is that wing tanks on most airliners are vulnerable to crash damage because they are mounted on the same structural support as the landing gear. They often rupture on impact and send fuel spewing over the plane's electrical wiring and into the hot engine nacelles, producing fires of searing intensity.

Better Crash Design Is One Solution

Many airport operators, appalled at the prospect of having to cope with such emergencies, want something done to reduce the fire hazard at its source. Thomas Burnard, executive vice president of the Airport Operators Council, puts it this way: "If potential fire is eliminated from the crash scene, then a major element of danger is removed—and with it is removed the potential need for millions of gallons of fire extinguishers on the ground, millions of man-hours of waiting for a fire, and millions of dollars worth of costly equipment which is hard to justify."

Some improvements already are being made. The newest jetliners have several design safeguards that offer considerable help in preventing or controlling crash fires. Engine pods on the Boeing 707 are designed to break off under severe impacts, thus removing the most likely place for a fire to start. Fire detectors and extinguishing systems are built into the engine nacelles, and an extra strong keel under the main fuselage gives the 150-ton airliner greater ruggedness for belly landings.

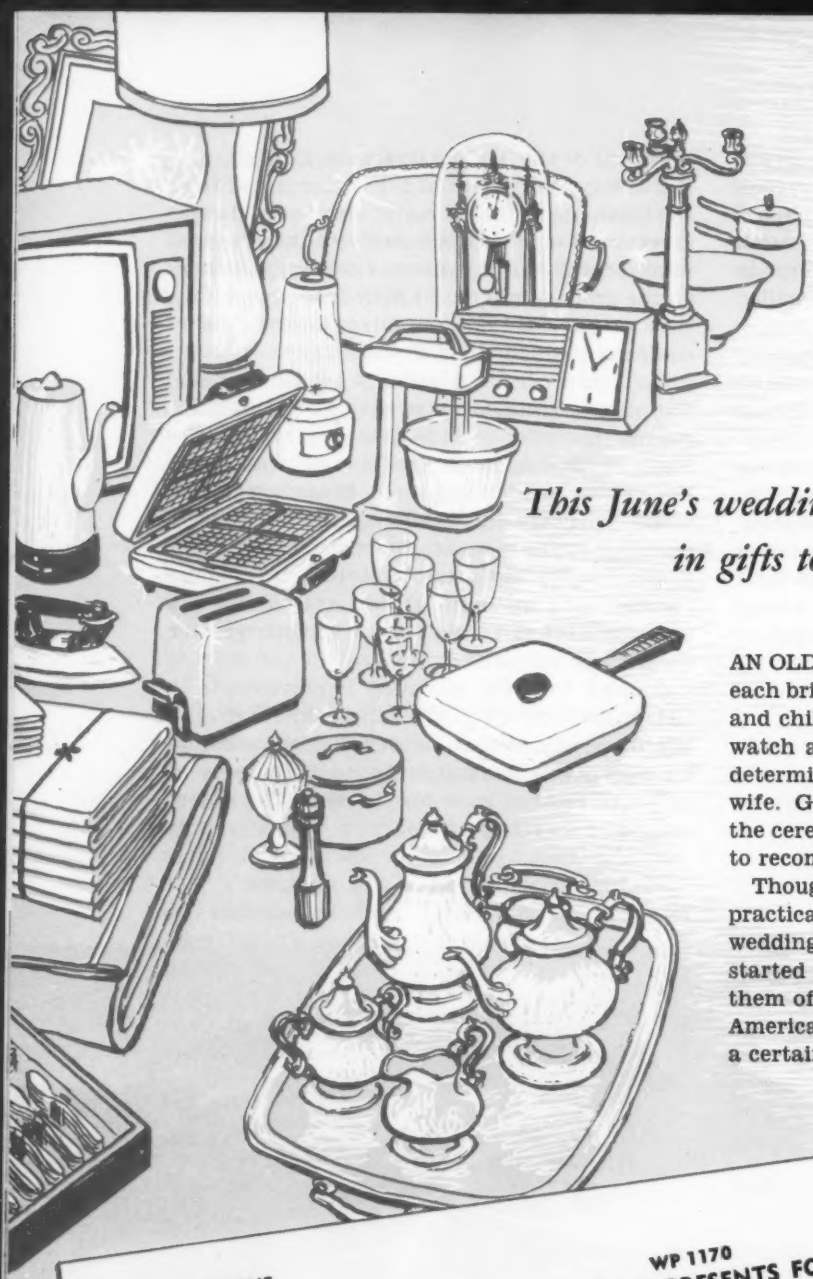
Coupled with the promised improvements in airport fire rescue facilities, these improvements offer hope that the nation's civil aviation industry may soon break through to new levels of safety and convenience for the 40 million Americans who travel by air. ⊙

McDonnell Aircraft Corporation recently ordered two of these dry chemical units to improve aircraft fire protection at Lambert Field in St. Louis. Some other cities depend partly or solely on fire equipment supplied by military users of their airports. Some have nothing.

Ansul Chemical Company

Miami International Airport purchased three new fire trucks last year after loss of a $1 million airplane demonstrated its lack of adequate equipment. The FAA also ordered that all similar airplanes be modified to improve their performance in crash fire emergencies.

National Fire Protection Association



TREASURE S

This June's weddings will amass $200 million in gifts to be protected and cherished.

AN OLD CUSTOM on the island of Java requires each bride-to-be to ceremoniously burn her dolls and childhood playthings. Friends and relatives watch as she kindles the trinkets, showing her determination to become a woman and a good wife. Guests congratulate the bride-to-be after the ceremony and give her several valuable gifts to recompense her for things she has destroyed.

Though not so sentimental as the Javanese, practical Dutchmen many years ago brought the wedding gift custom to Europe when they started giving newlyweds useful articles to start them off in life. This custom spread to colonial America where governors gave bridal couples a certain amount of grain and flour.

IM 2331a
(Ed. 5-59)

INLAND MARINE

WP 1170

WEDDING PRESENTS FORM

(World Wide)

Attached to and forming part of Policy Number Sample Policy

issued to JOHN DOE, CHICAGO, ILLINOIS

by The Millers Mutual Fire Insurance Company of Texas at its Agency

located (city and state) Fort Worth, Texas Date January 1, 1961

On wedding presents, except as hereinafter excluded, the property of the Assured.

This policy does not cover realty, animals, automobiles, motorcycles, aircraft, bicycles, boats, or other conveyances or their appurtenances, money, notes, securities, stamps, accounts, bills, deeds, evidences of debt, letters of credit, passports, documents, railroad or other tickets.

THIS POLICY INSURES AGAINST:

All risks of loss of or damage to the above described property, except as hereinafter excluded.

THIS POLICY DOES NOT INSURE:

(a) Against wear and tear; against loss or damage caused by dampness of atmosphere or extremes of temperature unless such loss or damage is directly caused by rain, snow, sleet, hail, bursting of pipes or apparatus; against deterioration, moth, vermin and inherent vice; against damage to the insured property occasioned by or actually resulting from any work thereon in the course of any refinishing, renovating or repairing process;

(b) Loss or damage caused by or resulting from. (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, (a) by any government or sovereign (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing active force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil governmental authority in hindering, combating or defending against such or customs regulations, confiscation by order of any government or

or furniture, unless caused by malicious damage

SEASON FOR BRIDES

Food, now so plentiful, is no longer an appropriate gift for 1,500,000 U. S. couples married each year. But other things—notably household goods and money—are showered upon them. An advertising agency study found that brides today receive an average of $1,003 in gifts, most of them of the brides' own choosing.

A typical 1961 bride, the agency learned, lists her wants in this order: bedroom furniture, linens, living room furniture, refrigerator, automobile, washing machine, dinette set, television, radio, rugs.

Meeting these desires is a major part of the business of a number of U. S. industries. For example, more than half of the waffle irons produced are given as wedding gifts. Bridal gifts also account for a high percentage of sales of these products: irons, 29 per cent; coffee makers, 30 per cent; clock radios, 34 per cent; electric skillets, 38 per cent; toasters, 42 per cent, and mixers, 46 per cent.

Wedding gifts of all kinds constitute an annual treasure trove of $1.5 billion, not counting sentimental value.

Protecting the value of these wedding presents posed a special problem for the insurance industry. Neither insurer nor insured can know in advance just what gifts will be received or what their total value will be. Nor can they foretell where gifts will be stored or what hazards will threaten them.

Inland marine underwriters, authors of many special coverages, solved brides' insurance problems with wedding gifts floater policies. Such policies cover, with minor exclusions, all types of wedding gifts against all risks on a worldwide basis. They may be put into effect whenever the bride begins to receive gifts. But they extend no longer than 90 days after the wedding, a period adequate for newlyweds to get settled and to buy permanent insurance.

Once in force, the wedding presents floater covers gifts regardless of where they are stored or transported. In addition to standard war and nuclear exclusions, the policy does not cover property against wear and tear, dampness or extreme temperatures, vermin or inherent vice, or damage done while a gift is being refinished, renovated or repaired. An additional premium removes an exclusion of breakage, marring or scratching of fragile objects and furniture.

With these understandable limitations, the coverage applies to all gifts without specific scheduling. A list of expensive presents should be kept, but brides usually do this when sending notes of thanks. The only articles excluded are realty, animals, automobiles and other conveyances, legal documents, money and tickets.

Weddings, typically semipublic events mentioned in the press, offer splendid opportunities for thieves and kleptomaniac guests. A Canadian family, for instance, was enjoying a restaurant wedding feast when burglars invaded the bride's home and escaped with a horde of fully-insured wedding gifts and other loot, some of it uninsured. The frequency of such burglaries in brides' homes and of thefts from wedding gift displays makes gift insurance worthwhile just for coverage against theft and mysterious disappearance.

A mutual company's rate for several Middle West states permits an insured to protect $10,000 worth of gifts against all risks including breakage for a period of four months for the minimum premium of $10 on a 50 per cent coinsurance basis.

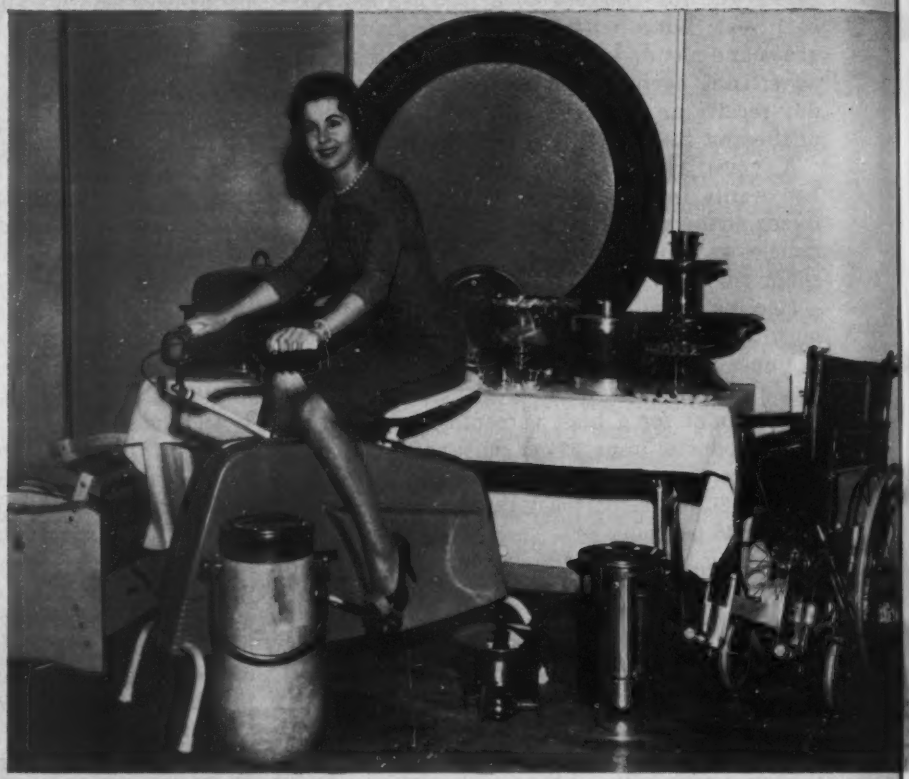
Each year's marriages will soon total two million, three times the number married in 1900. But June, which accounts for 15 per cent, is still matrimony's month. An increasing number of fathers of brides may heartily endorse these words of George Ade:

If it were not for the Presents, an Elopement would be preferable. ⊙

LEASING

National Truck Leasing System

An elephant mounts a rented truck to prove advertisement is no hoax. Carl Carson once actually rented a truck to Memphis zoo to haul an elephant from Wisconsin. Unusual uses of leased and rented equipment make underwriters wary of giving blanket liability and property insurance to leasing companies. Prudent lessors, however, are good insurance risks.



Hertz Rent-All Corporation

Everything here except the pretty model may be rented from new Hertz Rent-All outlets. Consumers, like businessmen, lease to avoid making large cash outlays. Hardware stores rent tools to do-it-yourselfers, and rent-all agencies carry party goods, sickroom and baby supplies, myriad of other items for temporary use. Model herself may have been hired through agency, a form of leasing involving compensation insurance.

Southern carpet mill employs $1.6 million worth of leased equipment, including this threading machine. Leasing contracts covering heavy equipment run 2 to 15 years. They require lessee to carry or pay for fire and extended coverage and liability insurance in amounts based on machine value and risks.

Boothe Leasing Corporation

Rental systems now supply almost everything from trucks to textile mills.

GOES THE LIMIT

AN ELEGANT ROLLS ROYCE transports an actress around New York; Hawaiian accessories turn a Chicago party into a luau; a dredge moves sand from San Francisco Bay to runways of Oakland airport; a work crew prepares 300,000 IBM cards for a Milwaukee insurance company. All this equipment and even the work crew are rented or leased, samples of the wares of a burgeoning $1 billion a year business.

Leasing of property ranging from bowling pins to a pizzeria on wheels has gained wide acceptance by both businessmen and consumers. Its rapid growth since 1950 has been a boon to professional lessors and some manufacturers. But the growing scope and volume of the rent-lease industry has created some challenging problems for tax officials, lawyers and insurance underwriters.

More than a million hired cars and trucks now bring $600 million annual revenue to 4,000 leasing and rental establishments. A survey by one major auto maker found that 38 per cent of the auto fleet users now lease their cars in lots ranging from 10 to 1,000. And leasing companies have continued to grow in spite of increased competition and curtailed business activity.

Vehicle leasing principles have been applied recently to equipment of all descriptions under agreements running from 2 to 15 years. Modest estimates put the gross receipts from equipment leasing at $400 million annually, a figure 40 times what it was in 1950. Professional equipment lessors, who will acquire more than $50 million worth of property this year, expect to double their gross receipts by 1965 by finding new clients here and abroad.

Both vehicle and equipment leasing companies offer similar advantages to prospects. Chief among these is that leasing frees the user's capital for profit-making. Leasing also eliminates liabilities for unpaid balances on owned property, increasing borrowing power.

Other advantages are ease of management and accounting, and reduction of machinery investments in product development and in short-term government contract work. Further, leasing companies say, their plan offers flexibility that permits a user to have the right kind of vehicle or piece of equipment when he needs it. They offer to obtain for responsible clients any piece of equipment from any manufacturer and then lease it under a contract covering depreciation plus cost.

Vehicle leasing companies make their profits by volume buying of autos, trucks, replacement parts, maintenance materials and man power. Equipment lessors, on the other hand, profit in another way. The president of one firm explains, "The carrot on the end of the stick for us is the residual value of the leased equipment at the end of the original lease term."

These leasing methods have attracted a number of small companies and some as large as Standard Oil of California. All are good credit risks, and most could find the cash or credit to acquire the equipment themselves. "One great illusion in this field," says one lessor, "is that the man who can't afford to buy a tool can afford to lease it."

A Florida citrus grower leases $225,000 worth of windmill fans to blow frost from his groves. A California contractor uses a $4 million seagoing dredge under a 15-year lease, one of the biggest leasing deals on record. In Colorado an enterprising young man leases a $9,500 mobile pizzeria painted and equipped to his specifications. In spite of a high monthly rental fee, he calls it "my little gold mine."

An unusual application of vehicle leasing is the use of some 1,500 leased autos for driver educa-

National Truck Leasing System

Franklin Milling Co., Middleburg, Pennsylvania, leases this special-purpose truck but paints its own name on it. Truck leases often include full maintenance, making vehicles safer.

Beech Aircraft Corporation has formed a leasing subsidiary to boost private plane use. Lessees take planes for four or five years, pay substantial premiums for hull, liability insurance.

Leasing Goes the Limit

tion in public, private and parochial schools. Many insurance companies lease fleets of cars for use by claims adjusters, engineers, salesmen and executives.

Although insurers may see advantages for themselves and others in leasing arrangements, the rapid growth of the business has created serious underwriting problems. Vehicles, whether on short-term rental or long-term lease, must be covered for public liability, property damage, collision and comprehensive fire and theft. Leased equipment must have adequate liability protection plus fire and extended coverage.

Renters Are Uncertain Insurance Risks

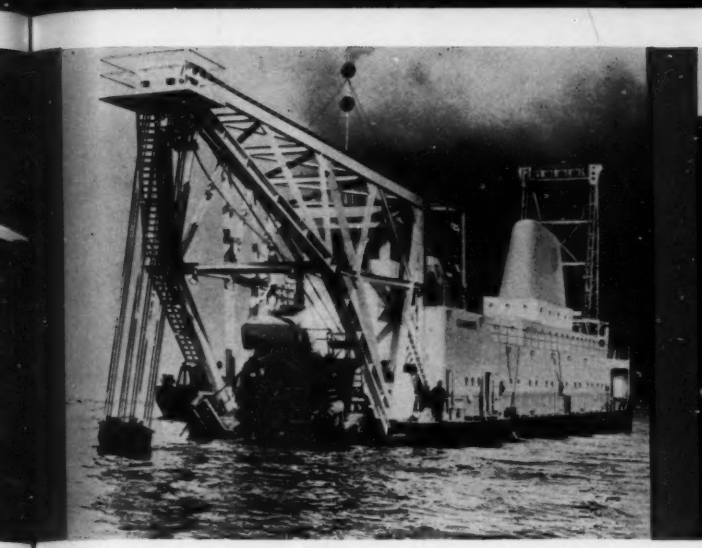
Daily auto rental fleets are most hazardous for insurers because anyone with a driver's license may operate such cars. Alcoholics, very young drivers, chronic traffic offenders and other bad insurance risks often rent autos when they can't get insurance on their own cars. Some daily rental agencies have formed insurance subsidiaries to underwrite their risks. Others place insurance with outside companies at a cost that sometimes reaches 18 to 20 per cent of their operational expense.

Leased fleets, which are generally a better risk than drive-yourself autos, present the same basic problem. Insurers cannot know operators they insure. Further, vast mileages are traversed in congested areas by salesmen and other operators of fleet cars.

Lessors of auto fleets recognize the risks and write stringent insurance requirements into their leasing contracts. Typically the lessee will be required to place insurance with companies approved by the lessor. Amounts usually prescribed for each unit are $100,000/$300,000 public liability for bodily injury; $25,000 to $50,000 property damage; $100 deductible collision; and comprehensive fire and theft for the actual cash value of the vehicle. Many lessors further protect themselves with contingent liability policies for as much as $1 million.

Insurance brokers and agents often warn their clients to beware of entering into leasing contracts without consulting lawyers. Such contracts are often dotted with warranties, "hold harmless" clauses and assumed liability agreements that protect the lessor but shift liability to the lessee. One insurance authority waded through a number of leasing contracts and concluded, "There are about as many insurance pitfalls in various leasing agreements as there are firms in the rental business."

Some responsible auto and truck fleet operators who choose to lease their vehicles find that they can save on insurance premiums by continuing with an insurer who knows them. Good loss experience with such a lessee could lead an underwriter to grant rates considerably lower than the lessor could gain for his client. In such situations responsible lessors delete in-



Utah Construction Company, San Francisco, uses this $4 million hydraulic dredge under 15-year lease. Life insurance companies often provide funds for acquisition of expensive equipment.

This $750,000 towboat doesn't look as if it's leased, but it is used by Indian River Lines on Mississippi and Gulf intercoastal waterways under leasing contract with Boothe Leasing.

surance requirements from contracts if satisfied that the operator is adequately covered.

Users of leased vehicles can be sure of full protection by consulting their insurance brokers about nonownership liability and hired car coverages. Those who rent cars from time to time should have "drive other car" endorsements added to their auto liability policies.

Lessors Usually Insist on Full Coverage

Insurance of leased vehicles is further complicated by the opposite interests of the insurer and the leasing company. So long as his fleet is adequately covered by liability and property insurance, the owner is likely to extend his operations by leasing to anyone able to pay his rates. Some leasing customers turn out to be poor insurance risks, possibly those who have already been refused coverage by cautious companies.

Leased equipment, though not as risky as leasing vehicles, requires careful examination of risks by underwriters. Just as with leased vehicles, operators of hired equipment are unknown to insurers and may be somewhat careless because they lack the pride of ownership. Equipment leasing contracts generally require the users to carry or pay for full liability coverage in amounts based on the hazards involved. Lessees are further required to maintain fire and extended coverage insurance for the full term of the lease to protect the lessor's investment. Policies must list the leasing company as a coinsured.

Favorable to the leasing industry's insurance rates is the regular maintenance of cars and trucks under full service lease agreements. Few private car or truck owners check critical safety points on their vehicles as often as leasing companies. "A leased truck is usually a safe truck," says the National Truck Leasing System, an association of responsible independent lessors.

A major auto fleet leasing company whose liability insurance is carried by a mutual company plans to employ a safety director as a loss prevention measure. This man will conduct a safety instruction program aimed at operators of passenger cars, one of the first efforts of this type.

Mutual insurance also has a stake in the newest development in the leasing business: the rental of man power. Temporary workers with varied skills are offered by many agencies throughout the country. One has recently organized a sales force available for blitz campaigns on 48-hour notice.

Such rented labor is usually covered for workmen's compensation taken out by the leasing company. But certain circumstances can make the temporary employer liable to compensate a leased worker for an injury. Authorities on workmen's compensation urge users of leased labor to check their liability before signing agreements.

Where leasing will lead cannot yet be forecast. But one leader in the field is confident that leasing will overtake installment buying. "Use," he says, "has more prestige than ownership." ⊙

FROM OUR ANNALS

"HOME, SWEET HOME"

John Howard Payne June 9, 1791-1852

AN AURA OF affection and good stewardship still graces American homes in the words and music of a song written by a man born 170 years ago on June 9, 1791. He is John Howard Payne, immortalized by his "Home, Sweet Home" and memorialized in his birthplace which inspired the song. The Payne home at 14 James Lane is now a museum maintained by the Village of East Hampton, New York. Still intact in its third century, the house itself is a manifestation of what responsible ownership can do to preserve and protect a home against the ravages of time, weather and fire.

Payne drew upon the poignant memories of boyhood in his old home to write the famous song while living in Paris. He had gone abroad following fame as a young actor and author in his homeland and is said to have been in Italy when he first heard the air of a Sicilian song sung by a peasant girl carrying a great basket of fruit and flowers. She could not remember the name of the air, but the notes were enough, and Payne jotted them down for the song that was to immortalize him. An adaptation of the air for Payne's "Home, Sweet Home" was made by Sir Henry Rowley Bishop, an English composer.

The song was first sung by Miss Maria Tree in the operatic play, "Clari, the Maid of Milan," at Covent Garden, London, in 1823.

During his career, Payne was the author, translator and adapter of more than 60 plays, in some of which he acted. He was also a collaborator with Washington Irving in plays from 1823 to 1826. After living abroad for many years he returned to the U. S. in 1832 and then went abroad again to serve as American consul in Tunis, Africa, from 1842-45 and from 1851-52. He died there in 1852. Years later his body was brought back for burial in Oak Hill Cemetery, Washington, D. C.

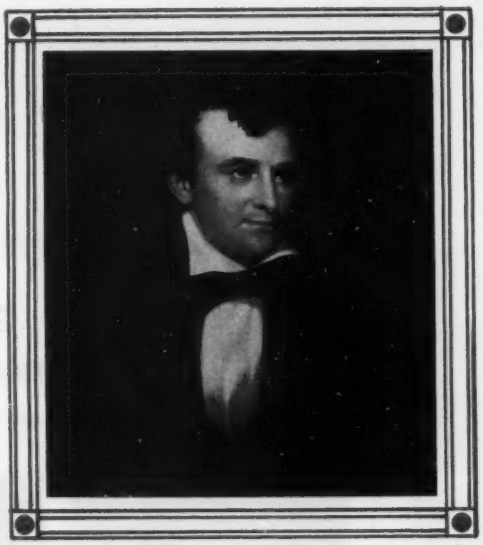
An original copy of the opera, "Clari," together with the first American published copy of "Home, Sweet Home," is among the mementos now preserved in the Payne House. Also treasured there are many of Payne's letters, his portrait and his gold dress sword from his days as consul in Tunis. Furnishings of the house are priceless antiques representing 10 generations of old East Hampton families that have lived there from 1660 through 1852. Curator of the museum and home is Edward M. B. Strong.

The home, a 17th-century salt-box farmhouse, built by Robert Dayton in 1660, was purchased by the people of East Hampton in 1927 from the estate of Gustav H. Buek, New York lithographer, who had acquired the property 20 years earlier and restored it to its original condition. It overlooks the historic and picturesque town pond of "America's most beautiful village" and annually attracts thousands of visitors from all parts of the world. Close by is Clinton Academy where Payne's father, William Payne, served at one time as headmaster. The site thereby is doubly enriched with history, for the academy, named for Governor George Clinton, was the first one chartered in the State of New York and is now an East Hampton historical museum.

To the credit of the guardians of "Home, Sweet Home," there have been no substantial losses or insurance claims on the house since it has been owned by the village as a museum. Insurance is handled as part of the village insurance program. The dwelling itself is insured in the amount of $35,000 for fire and extended coverage. Contents are insured under a fine arts floater in the amount of $45,000. Extra precautions are taken in that all visitors in the home are accompanied by Curator Strong or an assistant. Protected under the insurance coverage are collections of fine china and glassware, early 1700 period furnishings and many other articles.

Payne's attachment to his home shines through a sketch of East Hampton which he wrote in 1837.

Fine wood paneling in the parlor of the Payne home provides the backdrop for his portrait over the fireplace and for the antiques from the early 1700 period.



This C. G. Thompson portrait of Payne, probably about the time he wrote "Home, Sweet Home," is in the Henry E. Huntington Library and Gallery, San Marino, California.

His biographer, Gabriel Harrison, concluded, "One who has studied the character of John Howard Payne cannot fail to discover in his picture of the old homestead a deep, unsubsiding love for the place as if the spirit of his boyhood had come back to awaken memories of a delightful past."

That was a past in which "Home, Sweet Home" could be sung for only a fraction of the homes we have today. Even 100 years after Payne's birth, in 1890, which is the earliest year with available figures, there were less than 13 million homes in the U. S. Today the number of homes has more than quadrupled, but for every one of the 58.3 million dwelling units in the U. S. the words of Payne's song are just as tributorian as they were when he wrote them 138 years ago: "Be it ever so humble, there's no place like home." ⊙

China, glassware and other priceless antiques such as displayed here in the Payne kitchen were assembled from 10 generations of old East Hampton families. Both the home and its contents are well insured. In addition, Curator Strong and his staff enforce protective measures.

OUR SURGE IN HOME OWNERSHIP

Three-fifths of nation's dwellings are owner-occupied; modernized insurance affords protection.

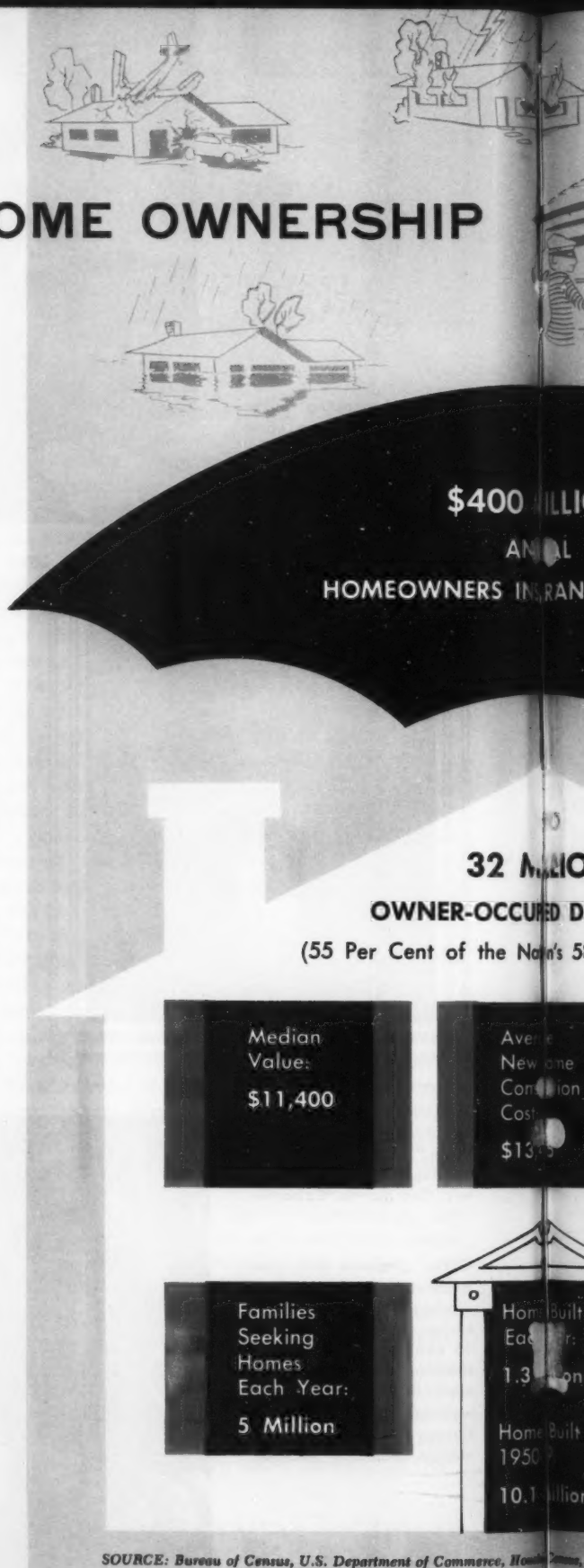
HOME OWNERSHIP, part of the American heritage for hundreds of years, became a national tradition after World War II.

Until 1945 fewer than half of the nation's nonfarm dwelling units were owner-occupied. Today more than 55 per cent of our 58.3 million dwelling units are owner-occupied, an indication of the stability and security enjoyed by U. S. families.

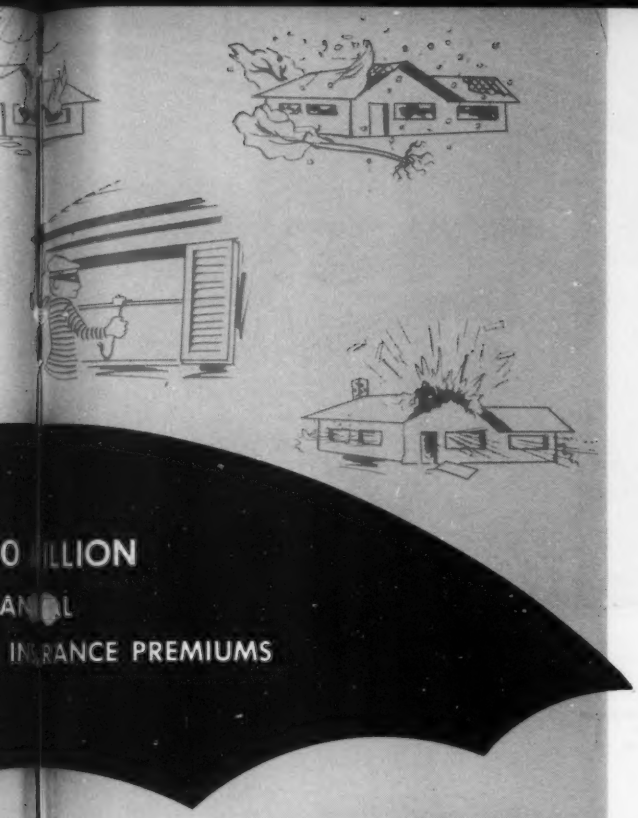
Single-family residences, which constituted 84 per cent of the housing starts during the '50s, have become increasingly popular since 1920. In 1920-29, 4.2 million one-family dwellings were built; 2.1 million went up in 1930-39; 4.7 million in 1940-49; and 10.1 million in 1950-59, a figure nearly equal to the number built in three preceding decades.

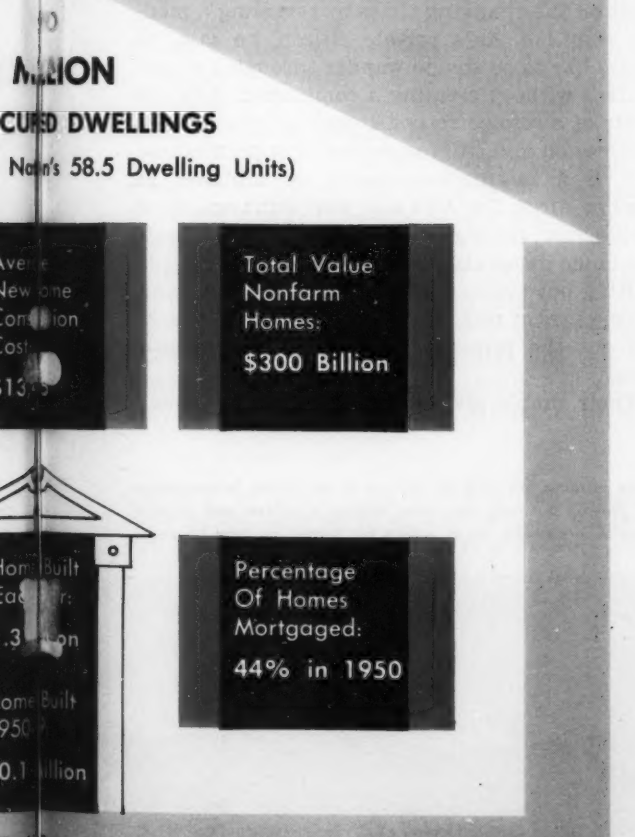
Soaring home values and the vast increases in home construction have boosted the total valuation of owner-occupied dwellings to a gigantic $300 billion, a figure roughly equal to the nation's public debt. On today's market single-family dwellings have a median value of $11,400, and those built recently sold for a median price of $15,000.

Family-owned dwellings are expected to rise in number and total value during the coming years as more households are formed. Some 5 million families seek to buy homes each year.



SOURCE: Bureau of Census, U.S. Department of Commerce,





Many must be satisfied with existing buildings since the number of homes constructed hovers around 1.3 million annually.

But whether one purchases a new home or an older structure, the need for additional property, casualty and life insurance is apparent. Fire alone caused $309 million damage to 558,000 homes in 1959. Other hazards cost homeowners and their insurers additional millions.

In the early 1950s the insurance industry developed homeowners insurance policies that combine essential coverages protecting the value of homes and their contents against fire, weather hazards, theft, and damage by aircraft or vehicles. Homeowners policies also protect insureds against liability claims arising out of property ownership and even personal mishap.

So popular have homeowners policies become that they are now the fastest growing principal line of property-casualty insurance. About $400 million in homeowners premiums were written in 1960, a 34 per cent increase over the previous year. Many homes, however, are still covered by conventional fire and extended coverage policies that accounted for nearly $3 billion in premiums in 1959.

Life insurance companies write many "mortgage protection" policies that provide funds to cancel a family's mortgage if the principal wage earner dies. These companies also contribute to home ownership by providing mortgage funds for prospective purchasers. They now hold mortgages on nonfarm residential properties amounting to $36.4 billion, some $18 billion of it loaned from 1950-58.

For lending institutions and individual families, residential property is a good investment which should be protected by insurance policies kept current. One authority estimates that values of residences and rental properties have increased 140 per cent since 1940, a figure that continues to rise at a rate of 10 to 12 per cent every five years. This increase in property values brought about by inflation suggests that property owners should regularly review the amounts of property insurance they carry.

As the number of U. S. households grows from the present 50 million to about 75 million by 1980, the partnership between the insurance industry and the nation's homeowners can be expected to grow in both depth and scope. Not only will more homes need protective insurance, but more home hazards will be covered in modern package policies. ⊙

OUR SUPERMARKET PHENOMENON

This U. S. innovation has revolutionized food handling and our shopping habits.

DWIGHT DAVID EISENHOWER, on his last day in the White House, provided a poignant sidelight on the changing times by revealing a modest ambition. As a private citizen, he said, he would like to be able to wander through a supermarket without creating a commotion. After 20 years of awesome responsibility he was tired of commotion and still fascinated by supermarkets.

It is a fascination shared by millions. In Buenos Aires, Tel Aviv and Bremerhaven, as in Gettysburg, throngs of captivated shoppers walk the laden aisles and take obvious satisfaction in hefting pot roasts, contemplating cookies, comparing jars of pickles, savoring apples and picking out the finest radishes from the inviting array.

Their simple pleasure in ferreting out small

Large parking lots such as this are a key factor in supermarket growth, but they also pose liability problems and require location in outlying areas, where fire protection may be poor.

Progressive Grocer

More than 18,000 shoppers each week come to browse and buy at spectacular Town & Country Mart, Dolton, Illinois. Built in 1959 at a cost of $800,000, this "supermarket of the future" has a complete drugstore, bakery, restaurant, lounge and tropical garden. Fire insurance experts also approve its automatic sprinklers and arched roof with no concealed attic.

bargains has made the supermarket a merchandising phenomenon. Born of the Great Depression, fought by local merchants, ridiculed at first by the established food chains, this peculiarly American institution has triumphed to become the symbol of our abundance and one of the nation's most exportable ideas. More than 36,000 self-service food stores patterned after the U. S. model have sprung up in 13 other countries since World War II, nearly half of them in West Germany.

Supermarkets in this country have been growing at an even more prodigious rate, riding the crest of the population boom and following the mass trek to the suburbs. Nearly one out of seven stores is less than one year old; one out of two less than five years old. Estimates of the total number now in operation in the U. S. vary from 22,000 to 32,000, depending on the definition used to differentiate supermarkets from ordinary grocery stores. *Progressive Grocer*, which confines the term supermarket to self-service food stores grossing at least $375,000 a year, estimates the supers take in nearly $35 billion a year—or about 69 cents of every dollar spent for groceries.

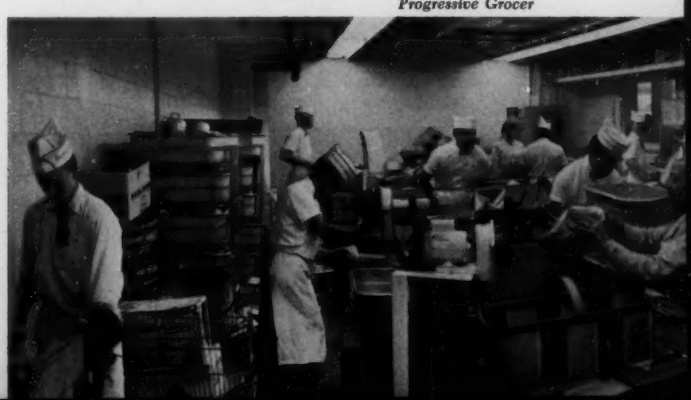
This extraordinary success would not have surprised Michael Cullen, the man generally credited with pulling together the supermarket idea while working as a branch manager for the Kroger Company in Herrin, Illinois. Observing the methods of self-service pioneers such as Ralph's of Los Angeles and Von's Grocery Co. of Culver City, California, Cullen wrote a long

Catering to the carriage trade, Tait's Super Valu in Minneapolis provides surrey service for laden shoppers. This helps keep shopping carts out of traffic lanes in the parking lot.

Two Photos, National Association of Retail Grocers

Meat departments and other utility areas abound in fire and accident hazards. Mutual insurers often set up training sessions for supermarket employees to teach safety precautions.

Progressive Grocer



letter to his boss in Cincinnati in 1930, proposing that he be allowed to open a large, departmentalized food store on a self-service, cash-and-carry basis.

At that time, the food shopper usually had to go to separate stores to buy meat, fresh vegetables and groceries. Cullen's idea was to put everything under one roof and cut prices to the bone, selling many of the items at cost or less to bring in the customers.

His proposal was turned down cold. Cullen promptly quit and set up his own store in an old warehouse on Long Island, New York. "King Kullen," the first genuine supermarket, was in business.

Others quickly sprang up in all parts of the country. Though other grocers jeeringly called them "animal markets," these cut-rate food stores were an astounding success from the start. Customers often had to scratch around in boxes and crates to find what they wanted, but they came in droves to take advantage of the low prices and the privilege of pinching the tomatoes before buying.

Chain Stores Soon Joined the Trend

It wasn't long before the chain stores recognized this merchandising revolution for what it was and began converting their own stores to supermarkets. Between 1934 and 1937, for example, A&P closed 933 of its 4,306 stores and opened 204 new supermarkets. The new stores took in an average of $13,741 a week compared with $943 a week for its older corner groceries.

Today the typical supermarket averages 20,000 square feet in size, costs half a million dollars to build and equip, carries an inventory of 6,000 different items valued at $142,000, and takes in $30,000 to $35,000 a week, according to the Super Market Institute, a trade group representing 15,255 stores.

Like everything else about supermarkets, their insurance needs also are king-sized. Few other businesses are so vulnerable to so many hazards. Burglars find supermarket safes an especially appealing target. Crowded parking lots and equally crowded aisles make injuries to shoppers and employees alike an ever-present threat. Tainted food, though rare, can result in an appalling number of lawsuits—and courts often have held the seller liable even when the food was prepared and packaged elsewhere. Supermarkets usually cover all of these threats to their financial standing with sizable theft and liability policies.

Perhaps the most serious insurance problem of all is protecting supermarkets against fire. These giant stores burn readily and with devastating thoroughness, largely because their windowless walls and large open spaces make effective fire fighting extraordinarily difficult. To complicate matters, many of them are built on the edge of town or beyond where water mains are small and fire departments are spread thin.

Mutual Insurers Emphasize Prevention

In an effort to compensate for the supermarket's inherent vulnerability to fire, insurance companies now go to great lengths to help their owners find and eliminate potential fire hazards before they cause trouble. Most mutual insurers send a fire prevention engineer to inspect each store both before the policy is written and at regular intervals afterward. If he finds serious faults, the insurance company may agree to write the policy only on condition that these hazards be eliminated within a reasonable period.

Hazards commonly found include poor maintenance on refrigeration units, careless smoking in the stockroom, careless disposal of cartons and other flammable trash and lack of automatic cutoffs designed to prevent motors from overheating. Nearly all of these hazards are concentrated in the relatively small service and storage area—starting place for fully 78 per cent of all supermarket fires.

Sprinklers, Fire Walls Cut Premiums

Fire experts say the single most effective remedy for controlling fires once they start is to install automatic sprinklers throughout the store—a step that also reduces insurance rates by more than 50 per cent. Next best step is to cut off the service area with a standard fire wall that extends up through the roof.

Many newer supermarkets are now being built with this design. Insurers regard it a forward step in fire protection as significant as the supermarket's transformation of our shopping and eating habits.

One such store, Model Town & Country Mart of Dolton, Illinois, already has moved on to another "fire problem" of sorts: It now has a home economist on the payroll to teach husbands how to cook. ⊙

SKYSCRAPERS OF THE SEA

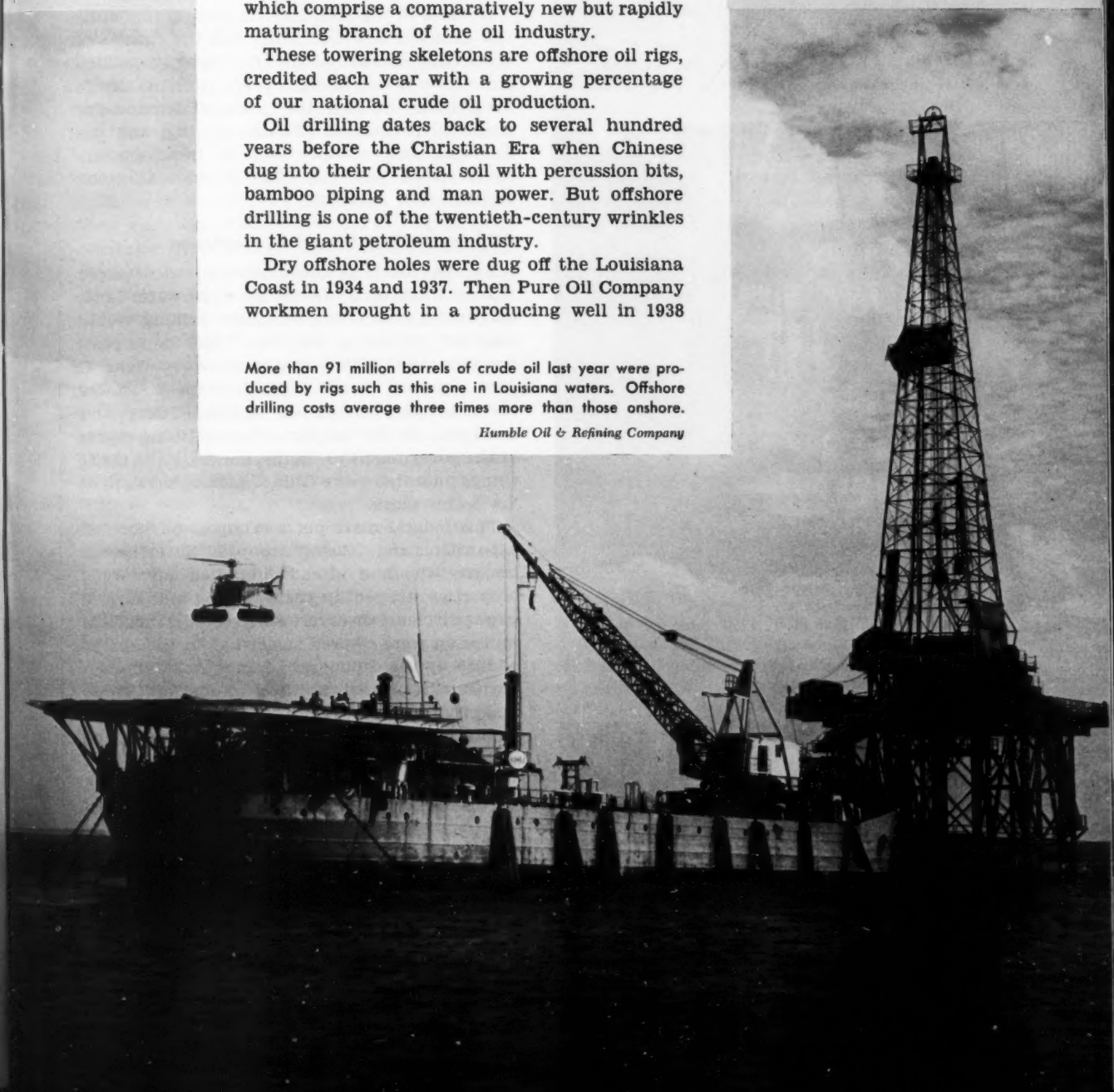
These giant offshore rigs, insurance protected, are tapping vast new stores of oil.

STANDING TALL in the waters of the Gulf of Mexico are hundreds of spire-like frameworks which comprise a comparatively new but rapidly maturing branch of the oil industry.

These towering skeletons are offshore oil rigs, credited each year with a growing percentage of our national crude oil production.

Oil drilling dates back to several hundred years before the Christian Era when Chinese dug into their Oriental soil with percussion bits, bamboo piping and man power. But offshore drilling is one of the twentieth-century wrinkles in the giant petroleum industry.

Dry offshore holes were dug off the Louisiana Coast in 1934 and 1937. Then Pure Oil Company workmen brought in a producing well in 1938



More than 91 million barrels of crude oil last year were produced by rigs such as this one in Louisiana waters. Offshore drilling costs average three times more than those onshore.

Humble Oil & Refining Company

Humble Oil & Refining Company

Offshore drilling companies must maintain a fleet of boats or helicopters to ferry men and supplies to the man-made islands and to stand by for quick evacuation. Although rigs of today are built to withstand 40-foot waves and hurricane winds, inhabitants are taken ashore at first sign of serious weather disturbances.

Leon Trice-Texaco

Split-second precision is required of drilling crews, as shown here with workmen breaking a section of drill stem aboard a big rig in the Louisiana tidelands. Men stay on the islands for a week to 10 days, then get equal time off. Mutual insurers provide much of the workmen's compensation coverages for offshore crews.

Skyscrapers of the Sea

about a mile off the Pelican State's Cameron Parish. This was the first successful wildcat well on the Gulf of Mexico's Continental Shelf and led to the discovery of the big, rich Creole Field.

The Shelf, sometimes referred to as the "Submerged Plain," begins at water's edge and slopes gently at a rate of about six feet per mile out to a depth of 600 feet. Here it falls off rapidly into the oceanic deeps. It is the first 200 feet or so that most immediately interests the oil industry, but the deeper waters are expected to someday feel the bite of the big offshore drills.

Because of high offshore rig costs (some units run as much as $10 million) and the success of onshore oil operations, the Gulf waters remained quiet for a period of eight years after the Creole Field find. In 1946 the postwar demand for crude oil revitalized offshore drilling, and the following year another well off the Louisiana coast struck pay dirt. The oil industry took another look seaward.

Offshore Drilling Slowed by Confusion

By 1948 offshore operators had spent more than $31 million on leases for underwater land, and it appeared that full-scale drilling would soon get started in the Gulf. That same year, however, the United States Attorney General filed a motion in the U. S. Supreme Court for leave to file complaints against Texas and Louisiana for the purpose of establishing rights of the government to "lands, minerals and other things underlying the Gulf of Mexico seaward of low-water mark."

This federal move put a crimp in offshore oil expansion, and leasing stopped. Nevertheless, tenants who had already obtained submerged properties stepped up their drilling and several large petroleum discoveries were made. Clouds of confusion were cleared somewhat in the spring of 1953 by the Submerged Lands Act and then the Outer Continental Shelf Lands Act. These acts reopened for exploration and development a potential oil domain equal to a tenth of the entire U. S. land mass.

Lease money started pouring out afresh, with the oil industry spending some $380 million be-

←
After their work shift, men may choose from a variety of recreational activities — from watching television or playing pool to reading or just relaxing. Nearly all of the large rigs have spacious, air-conditioned lounges, plus first-class dormitories and cafeterias.

tween 1953 and 1956. In 1957, the peak year thus far for offshore operations, the Louisiana Department of Conservation reported that 470 oil holes had been sunk into the ocean's bottom.

Last year production showed an increase with more than 91 million barrels of crude oil pumped from offshore wells, topping the two previous years. The Supreme Court, in December, issued a final decree, holding that Texas and Florida owned underwater resources for 10½ miles out. The high tribunal limited to 3½ miles the offshore rights of Louisiana, Alabama and Mississippi. All Shelf land beyond these boundaries, the Court ruled, belongs to the federal government.

Insurance Industry Gears for '61 Boom

With optimistic forecasts for this year's offshore activity, some industry executives are predicting a volume double that of the 1960 production. The insurance industry, in turn, is gearing itself for an offshore upswing based on last year's lease total of $290 million.

Domestic insurers are still wary, remembering their early experiences in underwriting offshore coverages. Nearly all of the domestic companies dropped their physical damage coverages on the oil producing islands in those first years because of poorly constructed platforms and haphazard drilling techniques. London companies stepped in to take over this phase of offshore protection and are still writing most of it.

Domestic insurers, says one oil company's insurance manager, are missing the offshore boat. True, all of the casualty, workmen's compensation, general liability, marine voluntary, machinery and other coverages are handled by domestic insurers, with mutual companies providing a considerable amount of them. But this manager feels that the London companies are getting the premium cream in the physical damage field, where rates are high and risks are lessening.

Backing up this belief is a spokesman for one of the major oil companies who said that during the past five years his company's offshore platforms have suffered less than $25,000 in losses from storm damage. The loss ratio here is less than 10 per cent, a far cry from the horrendous experiences remembered by early insurers.

There are many areas in which safety improvements have been made on the offshore rigs of today. Platforms are being built stronger and higher above the water. Hurricane Donna, which last year took a toll of some $145 million in insured losses, did almost no damage to offshore rigs. In fact, offshore operations came through the storm in better shape than did onshore rigs. Platforms are being designed for the maximum breaking wave in a major hurricane. As soon as storm warnings are flashed for the Gulf area, oil companies are quick to evacuate men from the islands to ensure against a catastrophe such as the "Texas Tower" radar island collapse, which claimed 28 lives earlier this year.

Other improvements have been made in fire and explosion prevention and protection. All rigs are outfitted with extensive fire-fighting equipment, and modern drilling techniques have lessened the risk of blowouts when a strike is made. Early rigs, although not equipped for it, often drilled seven or eight wells from a single platform, greatly increasing the chance of fire. Some companies now have a maximum limit of three wells per platform.

With improvements in the physical make-up of offshore drilling islands, the safety and well-being of their inhabitants have been made paramount. Workmen are treated to the last word in comfort in their off-hours. Big "mother" platforms with room for as many as 50 men are usually built after the first well in an area comes in. These serve as a base of operations for smaller platforms which have only a protective shield for workers.

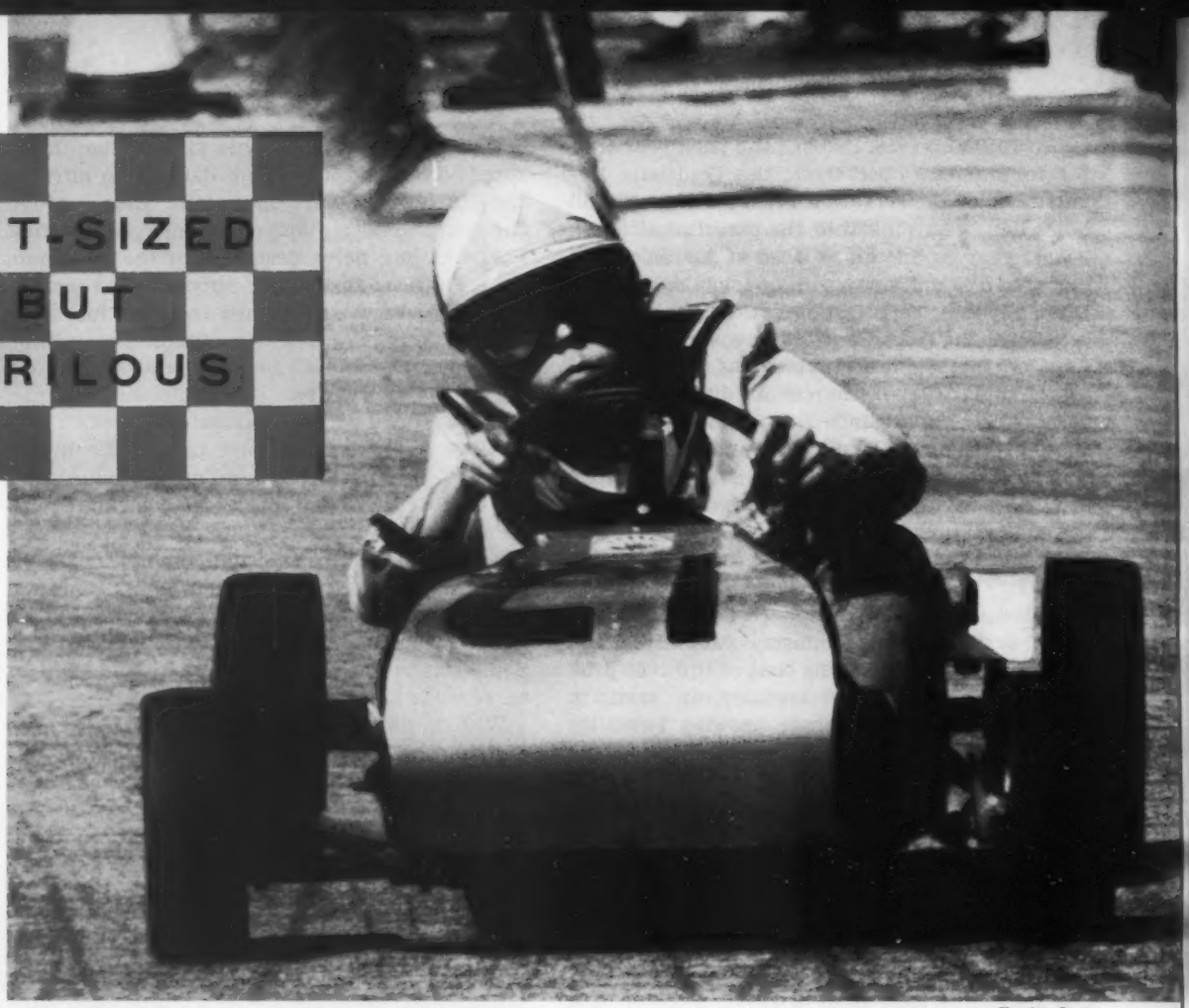
These parental rigs are air-conditioned, have spacious cafeterias, radio and television, well-equipped recreation rooms, lounges and, of course, unlimited fishing opportunities.

Risks Have Been Reduced by Newer Methods

Crews alternate, spending a week or 10 days on the platforms and then equal time on shore. Transporting methods for getting men and supplies to and from the rigs varies from company to company. Some use helicopters, making it necessary for platforms to be equipped with heliports. Others use crew boats, from which the men are hoisted to the platforms by cranes.

These tactics are fraught with perils and risks which insurers must reckon with in underwriting offshore drilling. But many of the original elements of risk have been limited or greatly reduced by improved rig design and better operating techniques. With sizable increases in both drilling and production in the offing, the oil industry and insurance have a common future at sea. ⊙

PINT-SIZED BUT PERILOUS



Karting Sport

With hundreds of thousands of youngsters and adults attracted to its fold, the sport of karting has roared across the country from its California birthplace, inciting smiles and frowns.

Go-karting, popular and spreading, spawns new problems in safety and insurance.

TO ITS ARDENT FANS, and there are many of them, the new sport of go-karting creates wholesome rivalry, fosters courage and obedience and holds promise of extirpating hot-rodding.

To those who would like to see go-karting go away, and this group is also large, the mushrooming child-adult sport is as dangerous as it is distasteful. Many a peaceful Sunday afternoon has been interrupted by what sounds like all the neighborhood lawn mowers, model airplanes and outboard motors starting up at once.

The tiny vehicles have been described as a cross between a power mower and a plumber's mistake. This is just partially correct. The first go-kart was powered by a lawn mower engine, but its inventor was a mechanic.

Although karting is just a few years old, hun-

dreds of thousands of the little machines are scooting about the country, infiltrating large cities and small villages alike. Some of the karts are being raced on spacious, professionally-built tracks. Others vie for honors on self-styled raceways, roped off in deserted parking lots or school playgrounds, while some enthusiasts limit their competition to racing squirrels around the back yard.

Go-kart drivers range in age from preschoolers who may, when the time comes, insist upon driving to kindergarten, to oversized adults who, to the amazement of all watching, manage to somehow squeeze into the undersized drivers' seats.

It isn't these contortions of karting, though, that are causing alarm. The motorized soapboxes can and have killed. In Colorado, a 4-year-old took his younger brother for a spin around an abandoned speedway. Their kart, which was capable of traveling 35 mph, crashed into a guardrail and catapulted both boys out, killing the younger brother and seriously injuring the driver.

This is just one of many serious mishaps that have plagued the sport of karting and in turn caused most insurers, safety groups and local governments to denounce it emphatically. This opposition, however, seems to have done little to quell the karting craze.

Racing tracks for karts were being built last summer at a rate of 16 to 18 a day. Estimates of the number of karts now in use range from 200,000 to 800,000 and it's climbing. The Go Kart Club of America, Inc., told the JOURNAL that its membership this year is more than 1,000 per cent ahead of last year. There are some 300 kart manufacturers with about 1,500 distributorships in this $30 million industry. Predictions are that these figures will be topped this summer.

Most prevalent of the attitudes taken by the insurance industry towards karting is the hands-off policy. The majority of underwriters will not accept an auto insurance application if the applicant has a kart tucked away in his garage. But family auto policies give too broad a definition of the "private passenger vehicle," and karts often creep into coverages unnoticed—until a claim. There are a few companies specializing in writing unusual risks that actually seek kart business. Such companies often are not licensed in all the states in which they do business.

Of the many reasons why insurers and safety men reject the sport, the major one is that most karters are below the legal driving age and should not be trusted with the operation of a motor vehicle of any type. Another is that the body construction of karts is often such that they offer little protection to their occupants. A 13-year-old Muncie, Indiana, boy crashed his kart into another and was killed when it rolled over. The youth had been traveling at a speed under 20 mph and was wearing a seat belt and safety helmet.

Marvin Patchen, executive director of the Go Kart Club of America, Inc., said that safety rules and regulations were formulated from the very beginning of karting. These rules, he said, are quite generally accepted among karters, even those who are not members of the GKCA. This organization and its 200 affiliated clubs are doing a commendable job of minimizing karting hazards, and if participants would follow more closely the GKCA safety program, the sport's dangers would all but be eliminated.

Such is not always the case, however, and those who are attempting to harness go-karts are encountering adversaries in some karting manufacturers and salesmen. One suburban Chicago store offers a twin-engined kart that will "cruise" at 90 mph. The "safety-conscious" salesmen recommend that this little speedster be used only by "older children."

Although all states have laws prohibiting underage motorists from operating their undersized machines on public streets, there is not much that can be done to control their use on private property. Shopping center lots and school yards have been favorite Sunday playgrounds for karters. But these haunts are now harder to come by, for some chain stores and school boards have recently declared their properties off-limits to karters.

The kart industry, in turn, has actively promoted the construction of private tracks, complete with grandstands, public address systems and refreshment booths.

There is no question that these adult-supervised tracks provide a far safer site for the adolescent auto addicts than unsupervised locations. The tracks have adequate protection for spectators, and the participants must abide by the rules designed specifically for their safety.

Nevertheless, attitudes of leaders in the traffic safety field and the insurance industry remain unchanged. They feel, for the most part, that the tricycle is still an excellent means of transportation for tots. ⊙

NOW BUNYAN'S O

OLD-TIME LUMBERJACKS used to swap stories about Paul Bunyan's miraculous sawmill, which took in sawdust and turned out logs because Paul got his wires crossed and hooked up everything backwards.

Today this bunkhouse whopper has been dwarfed by simple reality. In a snug little cove at Toledo, Oregon, mills operating on a Bunyanesque scale gobble up sawdust, treetops, bark and saw logs alike, turning out a remarkable assortment of lumber, plywood, hardboard, paper products and industrial chemicals. Constructed by the Georgia-Pacific Corporation at a cost of more than $40 million, this complex of sawmills, paper plants and related operations is indicative of the sweeping changes now being made in the nation's oldest commercial enterprise—the manufacture of lumber and other forest products.

OUTDONE

Today's lumber industry performs feats unmatched by the legendary woodsman.

Nowhere has the transformation been more dramatic than in the vast timberlands of the Pacific Northwest, which supply one-third of the nation's lumber, one-fifth of its pulpwood and all of its fir plywood. This is the natural habitat of the corporate giants known to every building contractor and do-it-yourself carpenter in the country: Weyerhaeuser, U. S. Plywood, Simpson Timber Company, International Paper, American Forest Products Corporation, Georgia-Pacific and others.

Georgia-Pacific's operations at Toledo are typical of the industry's trend toward mechanized methods, diversity of products and a strong emphasis on growing new trees to replace those cut.

The company acquired a sawmill and some timberlands there in 1951, with just enough timber standing to last until 1960 at the then current rate of production. Instead of cutting it off and moving on, as in the days of the lumber barons, Georgia-Pacific bought up additional land and began an intensive reseeding program.

Next step was the construction of a plywood mill, a paper and container-board mill, a chemical recovery plant and a Swedish gang sawmill to utilize small logs and treetops formerly left in the woods to rot. Under this program the best logs go into plywood and veneers, those not suitable go to the sawmill to be turned into lumber, and waste wood from both of these operations—which formerly was burned—goes into the paper mill. Bark and other residues are used to produce chemicals.

The result is that in 1960, the year Toledo was supposed to wither, population had jumped 33 per cent, employment was up 50 per cent, and sales from timber operations had doubled. Furthermore, Toledo's timber supply is now greater than it was 10 years ago.

An equally significant revolution has occurred in work methods and living conditions for forest industry employees.

Gone are the primitive logging camps of old, where red-hatted loggers worked, drank and fought their way through a cutting season with no more family life than goats. Today's lumberjacks wear hard safety hats and, in many areas, live in suburban-type housing developments with diaper-laden clotheslines and PTAs.

In the woods, the old double-bladed axes and crosscut saws have given way to power saws that can take a tree down and buck it into saw logs in the time it used to take an old-time faller to bite off a chew of tobacco and brush a little turpentine on his seven-foot saw. Mammoth cranes, trucks and crawler-type tractors have taken over the log-handling chores once performed by horses and oxen. Although some spurline railroads are still in use, the highly dangerous practice of "driving" logs down-river with the aid of loggers armed with picks and peaveys is virtually a thing of the past. Now they're usually towed with tugboats or hauled to the mills by truck.

Mill operations also have changed greatly with the introduction of high-speed machinery and automated controls. Closed-circuit television is used in some modern sawmills and paper plants, allowing one person to observe and control several operations simultaneously. One large mill at Springfield, Oregon, has a 41-foot-high plywood press that automatically loads, presses and unloads 60 sheets of plywood at a time.

Forklift trucks and overhead cranes have lifted the burden from human muscles in the sorting, handling and shipping of forest products all the way to the retail lumberyard.

This surge of power is having a dramatic effect on job safety in an industry long regarded as one of the most hazardous in the nation. Figures gathered by the U. S. Department of Labor show that logging injuries have dropped more than 40 per cent since the early 1930s, and the frequency of work injuries in sawmills and

Nothing is wasted at Georgia-Pacific's Bunyan-sized lumber and forest products complex at Toledo, Oregon. Paper and chemical plants in the foreground use chips and sawdust blown by pneumatic tube from the sawmills, plywood and planing mills in the background. Mutual insurance protects company's $40 million investment. *Georgia-Pacific Corporation*

Old-time lumberjacks, unshaven and undaunted, labored through the cutting season in primitive camps such as this one in the Wisconsin woods of 50 years ago. Nation's first workmen's compensation insurance was pioneered by a mutual company in Wisconsin to cover forest industry workers.

National Lumber Manufacturers Association

Now Bunyan's Outdone

planing mills has been virtually cut in half since 1946. Fire and other property hazards also have been reduced.

Lumbermen credit much of this improvement to the efforts of the insurance companies that write fire and other property coverages on mills and lumberyards, and to the workmen's compensation carriers who protect the forest industry's 1½ million workers.

"Better equipment has helped, but by far the greatest aid in reducing injury frequency has been the educational program carried out by the better operators," says Robert P. Miller, co-ordinator of safety and personnel for International Paper Company's Long-Bell Division.

Speaking from 39 years of experience in the Pacific Coast lumber industry, he declares that "Insurance safety engineers have played a big part in this educational drive. Even in Washington State, which has a monopolistic state fund, safety engineers from other states are frequent speakers at safety conferences. Employers Mutuals of Wausau are particularly interested in the over-all effort. Great American, Liberty Mutual and others are making themselves heard in the area."

In many instances, he adds, these companies and others go to considerable trouble and expense to promote safety among lumber groups that do not pay them one dime of premium money.

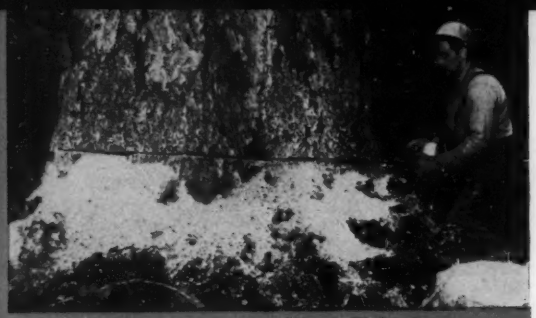
In protecting lumber industry property against fire and other financial hazards, insurance has a rich history that extends back more than 65 years to the formation of companies now known as the "Lumber Mutuals"—a group of mutual fire insurance companies that have specialized in insuring and working to improve the lumber business. Four of them originally were organized by and for lumbermen themselves, beginning with the founding of the Pennsylvania Lumbermens Mutual Insurance Company in February, 1895. Lumber dealers in Massachusetts and Ohio followed suit the same year by starting the Lumber Mutual Fire Insurance of Boston and Lumbermens Mutual Insurance Company of Mansfield, Ohio. The Indiana Lumbermens Mutual Insurance Company began business in 1897.

Two other companies, Central Mutual Insurance Company of Van Wert, Ohio, and the Northwestern Mutual Insurance Association, soon joined with these four to form a group that shares safety knowledge and serves as a reinsurance pool to spread each company's risk. In recent years two companies have withdrawn and Lumbermens Mutual Casualty Company of Chicago has joined the group, but the objective remains the same: to lower insurance costs for mills, woodworking plants and lumberyards by reducing the hazards that make them susceptible to frequent and severe losses.

In this objective they have succeeded spectacularly. When the Pennsylvania Lumbermens was founded, for example, lumberyards in its area were being charged at a rate of $2 per $100 for fire insurance. Today the better yards pay an average of 60 cents per $100.

All of these companies maintain staffs of engineers, inspectors and other specialists to maintain close contact with their lumber industry insureds and participate in their safety education and training programs.

"All of our lumber companies are inspected from one to three times a year, depending on the size, type and hazard involved. Our men are



Simpson Timber Company

Modern tree faller, now called a power saw operator, puts the undercut in a Douglas fir with a mechanical chain saw on Washington State's Olympic Peninsula. Innovations of this kind have revolutionized logging.

continually checking for hazards and making recommendations for proper fire protection and improvement of the risk," says Frank Braceland, vice president of Pennsylvania Lumbermens.

George Davis, manager of Northwestern Mutual's lumber department, says, "We have had insureds spend as much as $40,000 in order to make the risk acceptable for our coverage.

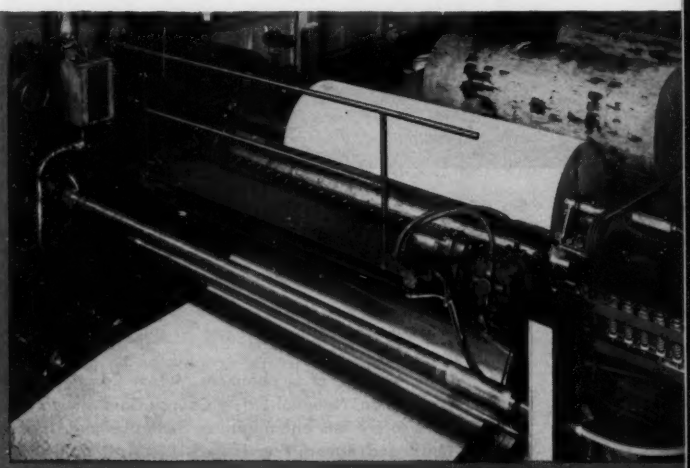
"We find some peculiar conditions," he added. "In one inspection of a mill's sprinkler system we found a shirt sleeve clogging the pipe."

In another instance, he recalls, a large plywood plant suddenly had four large fire losses within a few weeks. Insurance engineers investigated and found that the plant was heating its gluing machines to 750°—close to the flashpoint of wood. The engineers pointed out this problem to the insured and asked him to reduce the heat to approximately 550°. Since then he has had no losses.

As a result of efforts of this type, the lumber and forest industries are rapidly emerging as modern giants that might make even Paul Bunyan look to his laurels. ⊙

Long-Bell Division, International Paper Company

Mammoth crane hoists logs onto a heavy-duty truck for a quick trip to International Paper Company's mill in Northern California. This equipment takes human loaders out of the danger zone underneath the log, where many accidents once occurred.



Prime logs go into high-quality plywood at Georgia-Pacific's mill in Springfield, Oregon. Sharp knives peel the rotating log into a continuous strip of paper-thin wood, which is then cut and glued in hot presses to form a sort of wood sandwich.

Overhead cranes with a 100-foot reach sort and stack newly-sawed lumber at International Paper Company's storage shed in Chelatchie, Washington. Lumber already has been graded as to size and quality. Next step may be kiln drying, finishing.

Weyerhaeuser's building supply depot in Louisville, Kentucky, is one of 40,000 wholesale and retail lumberyards in the U.S. A large portion of them are insured and served by the "Lumber Mutuals," founded more than 60 years ago by lumber dealers.

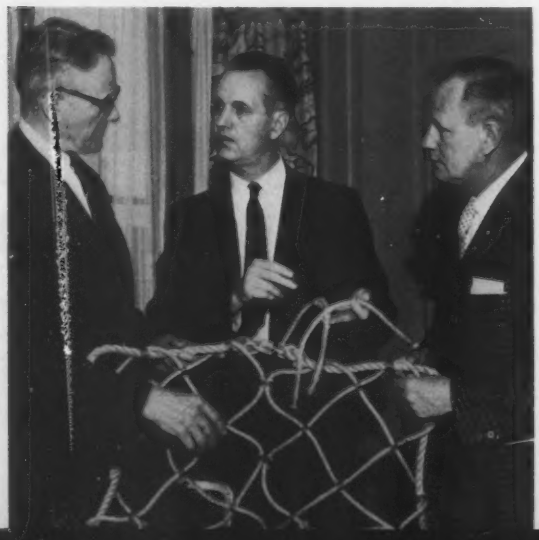
American Lumberman

SPACEMEN'S SALVATION

E. D. Bullard Company

Big safety net had an "encore" role during the Golden Gate Bridge restrengthening project in 1953. Similar rope net employed for the first time during Golden Gate's construction in 1936 was credited with saving 19 workers from fatal falls.

Robert Moore (center), of Lumbermens Mutual Casualty Company, and chairman, National Safety Council Construction Section, discusses safety nets with Brigadier General Henry Hoeffer of NSC (left), and Robert Wendell of U.S. Army Engineers.



Life nets, of Golden Gate fame, save many plummeting workers from doom.

ABOUT A QUARTER OF A CENTURY ago a small group of men organized an exclusive West Coast club with the ominous-sounding name of "Halfway to Hell."

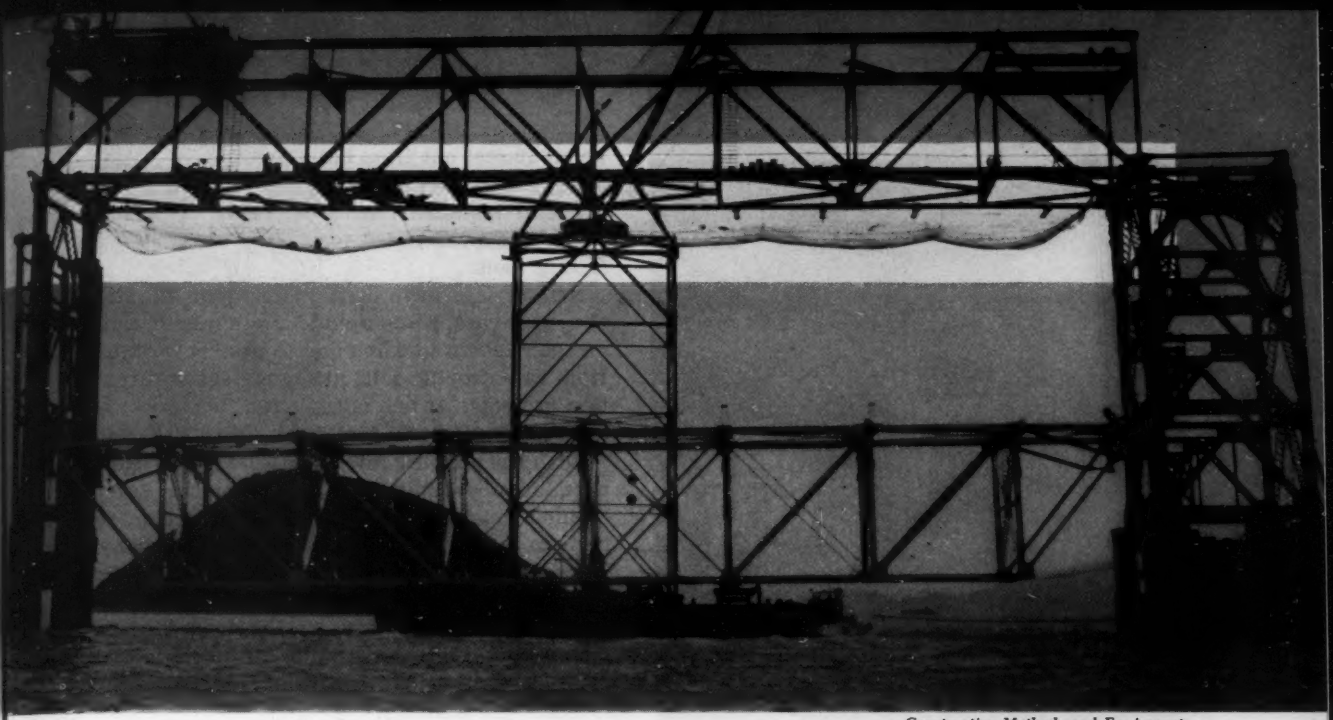
Membership included only 19 men, all of whom had one thing in common. Each had tumbled helplessly from the Golden Gate Bridge into a big $80,000 safety net. "Hell," in their case, was the San Francisco Bay some 250 feet below. The club members were all workmen on the bridge construction project started in 1936.

Today there are countless men who have made the qualifying plunge for membership in the club, defying the bridgebuilders' axiom: "The bridge demands its life."

Until the big safety nets were used on the Golden Gate project, fatal accidents averaged about one per million dollars of bridge cost. But the $33 million Golden Gate, after four years of construction, was finished without a fatality. Credit for this almost unbelievable safety achievement must go to the big life net and its developer, Clifford E. Paine.

Now a consulting engineer in Fennville, Michigan, Paine had reasoned before construction began that a giant net could be installed progressively under the 4,200-foot bridge span as the suspended structure was erected. He felt, too, that it should be left for follow-up work after the Gate's steel floor was in place.

California state authorities, the project's steel



Construction Methods and Equipment

Connecting east and west bay areas north of San Francisco, the Richmond-San Rafael Bridge construction project was well protected by giant safety net and mutual insurance. Ten men toppled into the net during the project. Safety precautions such as life nets help reduce contractors' insurance rates.

contractor and others strongly opposed Paine's suggestion. However, after extended hearings with the co-operation of the Golden Gate Bridge and Highway District, the net idea was finally approved, with the district agreeing to foot the $80,000 bill.

After the spectacular span's completion, life net opponents seemed to disappear. Paine told the JOURNAL: "Those who opposed its use in the beginning were favorable to it at the end. In addition to saving the lives of 19 men, the net also afforded workmen a feeling of security so that they moved about their work with greater freedom and therefore were more productive."

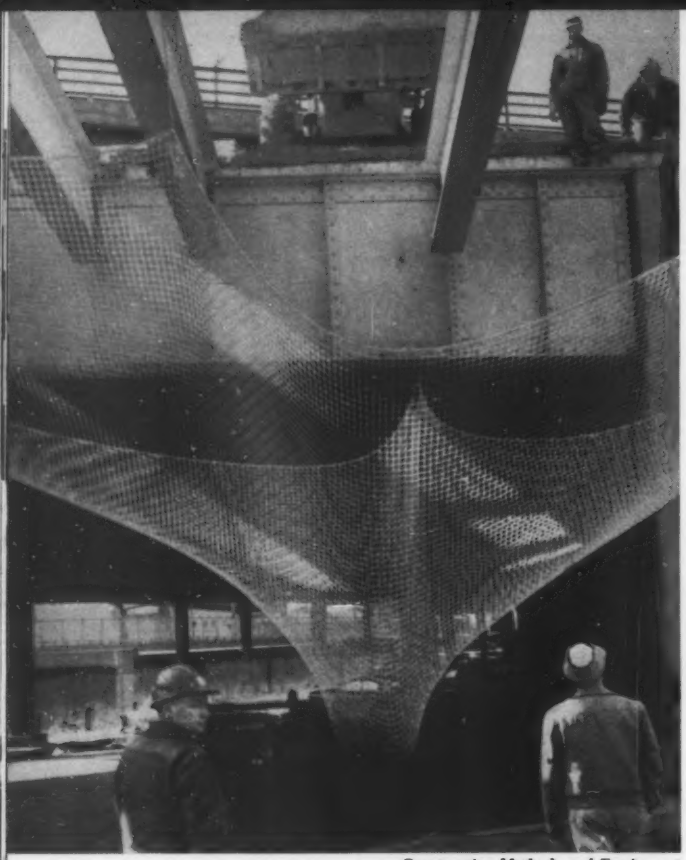
Paine is now recognized as the "father of the big net." Hundreds of workmen owe their lives to his lifesaving idea and his persistence in seeing it through despite the opposition. Nets are now being used during the construction of such things as highway overpasses, skyscrapers and missile silos, as well as being standard equipment for bridgebuilders.

Before the Golden Gate project, it was a common practice among contractors to employ small nets at points where workers were concentrated. This was fine for those workmen who were fortunate enough to stay with the crowd. But for those who were forced to venture out into unprotected areas, nets might just as well have been used for fishing.

A recent example which dramatizes the big safety nets was the Richmond-San Rafael Bridge project, a northern neighbor to the Golden Gate. This mutual-insured building job connects the east and west bay areas north of San Francisco. Ten workmen were snared from almost certain death by a protective net. It was also reported that four painters, working after the bridge structure had been completed but while the net was still in place, fell together from a scaffolding into the net.

A construction safety specialist for Employers Mutuals of Wausau, which carried the liability and workmen's compensation insurance for both contractors of the Richmond-San Rafael structure, said that safety nets do not bring about any immediate reductions in insurance rates. However, the saving of lives may affect substantial savings in subsequent rates. Contractors are credited by their insurers whenever past experiences show loss decreases. Premium reductions also depend largely on what other safety methods are used by the builders.

Employed mainly in structural steel operations, safety nets are also a protective device during the building of highway overpasses. In such cases, the nets have not only prevented workmen from falling into the paths of moving



Construction Methods and Equipment

Safety net strength is tested by dropping 300-pound weight into it. When proved trustworthy, net was used to save lives and property during building of New York State Thruway near Buffalo. Project was also protected with mutual insurance.

Spacemen's Salvation

vehicles but have also protected the traffic from being struck by falling tools. On the New York State Thruway job near Buffalo, safety engineers and the project superintendent were quick to devise a specially-built life net to prevent further fatalities after a carpenter fell 35 feet to his death on the pavement below.

Under the New York State code requirements nets were not obligatory for such projects where work is done below a height of 50 feet. This is common in most states, yet many lives have been lost in falls of a much shorter distance. Efforts are being made by safety engineers and insurance men to change state code requirements to 25 feet. A California state safety order has already done this, and some other states are planning similar code revisions.

In the construction of multi-storied buildings, outrigger nets are often used. This type extends about 10 feet out from building edges at various levels below work operations. Outrigger nets are also installed during wrecking operations, serving as a safeguard for falling workmen and falling tools.

Nets of late have even found their way into the space race, being used to snare missile cones on their return to earth and to protect workmen from catastrophic falls at missile silo construction projects. At one missile site, four workmen were saved from 150-foot drops.

With the growing interest in the use of safety nets, a subcommittee of the National Safety Council construction section conducted comprehensive tests at the Bethlehem Steel Company's Alameda, California, yard. The nets tested were manufactured by Pedley-Knowles Company of San Francisco. Members of the insurance industry, construction specialists and safety engineers participated in the tests and in drawing together the findings.

They recommended that where temporary flooring is not practical, nets of Manila rope should be suspended below points where men are working more than 25 feet above ground or water. Netting, they advised, should be made of rope at least three-eighths of an inch in diameter with three-quarter inch border ropes. The mesh should be arranged at six-inch centers and the borders provided with loops so that they can be easily combined with each other or attached to joints on the structure frame.

Results of the committee's testing were made known to the American Society of Safety Engineers, American Standards Association, Army Corps of Engineers, California Division of Industrial Safety and the Associated General Contractors of America. As a result, the AGCA is revising its code section on safety nets, and the other groups are contemplating changes. The Corps of Engineers' northwest division has adopted the new net specifications, and Panama Canal authorities have approved them for use on the canal's bridge project.

Another progressive measure for wider safety net acceptance is a data sheet being prepared for distribution by the National Safety Council, explaining safe practices to be followed in the maintenance, erection and usage of life nets.

Such literature is apparently needed. The project manager for one large construction job, when asked by the JOURNAL about his experiences with safety nets, replied: "What's a safety net?" And he was serious. ⊙

Superintendent Apodaca, with 22 years in office, is second in continuous service among all insurance commissioners.

APODACA OF NEW MEXICO

AT THE RATE New Mexico is going, its superintendent of insurance, R. F. Apodaca, may qualify as the busiest man in the ranks of the nation's state insurance commissioners. He is already the second ranking commissioner in point of continuous service, having been appointed August 20, 1939. And, in the rising economy of the new Southwest, his department has been a focal point of an expanding insurance industry, evidenced by the recent state licensing of 50 additional companies.

Transition and growth have been transforming "the land of enchantment" ever since the unveiling of the atomic bomb at White Sands, New Mexico, on July 16, 1945. Between 1950 and the new census of 1960, New Mexico outdistanced all but six states with a 39 per cent increase in population. During the same decade payrolls in the state quadrupled to reach $86 million.

Atomic research and development have become New Mexico's biggest industry. About one-sixth of the Atomic Energy Commission's research budget of $900 million is spent in New Mexico. There in the land of mountains, desert and Indian pueblos, nature has concentrated 64 per cent of the nation's known reserves of uranium. The four largest U. S. uranium plants are in the state, representing an investment of more than $62 million.

New Mexico's Senator Clinton P. Anderson, chairman of the Congressional Joint Committee on Atomic Energy, views the state's vast AEC and related facilities as an asset to be utilized and not dispersed, come what may in defense needs or disarmament.

But not all of New Mexico's hustle is atomic-energized. In 1960, for example, two new gypsum board plants with combined annual capacity of 275 million square feet opened their $6.5 million operations. In oil and gas, its two most important minerals, New Mexico has an industry with an output valued at $429 million in 1959. Livestock, cotton and other agricultural products are still important, as is also the tourist trade.

Insurance now produces revenue of $2.5 million annually in taxes and fees in Superintendent Apodaca's department. There are 1,169 companies licensed to transact business in the state. Fifty-two of these are mutual property and casualty companies which paid dividends of a half million dollars in 1959 and covered fire, property and casualty losses in New Mexico of almost $6.5 million.

A native of New Mexico, Superintendent Apodaca is also the state fire marshal, appointed to that post when it was created in 1955. As an additional state duty he was elected in 1954 by state employees as a member of the governing board of the New Mexico State Employees Retirement Association and since 1957 has been elected annually as chairman of the board.

He is an alumnus of New Mexico State College and Highlands University, Las Vegas. When appointed superintendent of insurance, he was serving as chairman of the Dana Ana County Commissioners and prior to that had been a schoolteacher and automobile dealer.

In the National Association of Insurance Commissioners he has been a member of the executive committee, chairman of Zone 5, and chairman or member of a number of other committees. His state, the 47th to join the Union, has had a department of insurance since 1925. ⊙

Capitol of New Mexico in Santa Fe, which has one of the two largest artist colonies in the state. Taos is a second art center.